

CITY OF BRIGHTON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2020



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October 5, 2020

Honorable Mayor and City Council
City of Brighton

The Comprehensive Annual Financial Report of the City of Brighton, Michigan for the fiscal year ended June 30, 2020 is submitted herewith. It was prepared by staff in the Finance Department with the assistance of the audit staff from Plante & Moran. This report was prepared in accordance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, the Treasurer of the State of Michigan and the Government Finance Officers Association. Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the City's management. Management has established a complete framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free from any material misstatements.

As required by City Charter and state laws, the basic financial statements as defined in the table of contents were audited by Plante Moran, PLLC, certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material aspects. With this audit, the City of Brighton has received 33 consecutive unmodified opinions.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brighton's MD&A can be found immediately following the report of the independent auditor.

The accompanying report includes full accrual government-wide financial statements. The purpose of these statements is to demonstrate the operational accountability of the City. Operational accountability is the City's responsibility to report the extent to which we have met our operating objectives efficiently and effectively, using all resources available for that purpose, and whether we can continue to meet our objectives for the foreseeable future. Both the providers and users of City services want to know (1) what public services are provided today and will the City be able to maintain that same (or increased) level of services in future years without an increase in the tax rate and/or user fees?, (2) how much debt is outstanding and will the City be able to repay it without cutting back on the public services provided or increasing the tax rate?, and (3) what types of trends is the City experiencing and how do they compare to other cities with similar characteristics? I will attempt to provide some insight to begin to address answers or how we can address answers to these questions below in "The Future" section of this letter.

The information presented is accurate in all material aspects. The financial statements presented are designed to provide the reader with information to assist in determining both the long-term fiscal health of the City and the City's ability to meet obligations on a short-term basis. The financial statements contained in this report are designed to fairly set forth the financial position and results of operations of the City and include all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

The Reporting Entity and Services Provided

As required by generally accepted accounting principles (GAAP), these financial statements present the City of Brighton and its related component unit, the Downtown Development Authority (DDA). The DDA is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

The report includes all funds of the City and encompasses a full range of municipal services including police protection; refuse services; construction and maintenance of streets and infrastructure; and planning and zoning. Additionally, water and sewer services are provided under an Enterprise Fund, with user charges set by the City Council to ensure adequate coverage of operating expenses.

Governmental Structure and Local Economy

The City of Brighton is located approximately forty-five miles northwest of Downtown Detroit. It was incorporated as a village in 1867 and became a Home Rule City in 1928. Brighton encompasses an area of approximately 3.65 square miles, has an estimated household population of approximately 7,900, and is the central business hub for all of Livingston County. The City's estimated 3,600 households reflect an approximate average of 2 persons per household, which is the lowest in Livingston County. Although the unemployment rate for the City of Brighton is not specifically tracked, the unemployment rate for Livingston County has increased from 3.7% to 7.1% over the last year. In addition, the Consumer Price Index (CPI) for our region increased by 0.5% from last year. The increase in unemployment and modest increase in the CPI are results of the economic downturn related to the COVID-19 virus. Unemployment for the county saw its peak at 21.9 percent in April of 2020 and we have seen steady and significant improvement in the last several months.

Brighton has the quality of life of a small city, but also has the advantage of being ideally located with easy access to the metropolitan areas of Ann Arbor, Detroit, Flint, and Lansing. The City operates under the Council-Manager form of government. The Mayor is chosen by the seven-member elected City Council from among its members. The City Council appoints the City Manager who is responsible for the administration of the City's activities. The City Council also appoints the City Attorney.

Prior to the economic decline driven by COVID-19 there were indications that the local economy was continuing to improve. Housing sale prices were still on an upward swing with fewer homes on the market. Those put to market are sold quickly. The city of Brighton has been fortunate that even with the general economic decline in recent months housing sales prices have not been impacted and those listed for sale continue to be sold quickly. Interest rates have seen a significant decline after a lengthy period of gradually increasing rates, and are expected to have little movement over the next year. The number of foreclosures in the City of Brighton has continued to be relatively low, with only 2 in the past year. The economic downturn in 2008 led to reduced residential, industrial and commercial taxable values for a number of years. Beginning in FY16/17 and continuing in the recent budget process for FY20/21 we have seen taxable values for residential and commercial improving to where they are finally back to where they were in 2009. The property tax values for residential and commercial, and personal property increased over the prior year by 4.4%, 5.8%, and 0.4% respectively. The industrial taxable values have seen an increase of 3.4% over the prior year, however included in those numbers are IFT properties that realized a decrease of 2.2% due to the exemptions of eligible manufacturing personal property that began in 2016/17. These exemptions are being phased in through 2022/23, at which point, all industrial personal property will be exempt. This follows a decrease in the prior year 7.6%, and 10.1% and 16.2% the years preceding that. It is management's belief that the commercial real property values will slowly increase over the next several years, however the impacts of the personal property exemptions will likely drive down the industrial and commercial personal property taxable values over the next several years.

Long-term Financial Planning

The City has successfully followed its long-term financial goals of reducing expenditures and maintaining a fund balance above the policy limit established by City Council. As the City approaches the practical build-out of its existing undeveloped lands; reduced personal property taxing ability; the cumulative effects of the Headlee Amendment and Proposal A; the ever growing OPEB and Pension Liabilities; and the future effects of the COVID-19 virus the City will be continually looking at ways to maintain services within the existing revenues.

The City's Master Plan includes the goals to provide for capital improvements that are needed to sustain a quality life for its residents; and to explore methods of generating additional revenue to fund operational and capital projects, including alternative funding options such as grant funding. Annually City staff prepares a 6-year Capital Improvement Plan (CIP), which is reviewed by the City Planning Commission and Adopted by the City Council. The first year of the adopted CIP is incorporated into the City Manager's Proposed Budget, if funding is available. There has been increased funding for capital projects over the last several years, after a long period of restricted capital spending. This funding has been primarily in the Public Works and Utilities divisions. The FY20/21 Adopted budget includes continued investment in Capital. The City's DDA has its own Development Plan, which was previously adopted by the City Council and is also reviewed annually for budgetary considerations.

City residents approved a Law Enforcement/Public Safety Millage during the November, 2013 election. This millage will be 0.38 mills for 10 years, subject to Headlee Rollbacks. Effective FY 2020/21 the rolled back millage is 0.3733. The millage is currently providing approximately \$178,000 annually to be used to pay for the purchasing and maintaining of public safety equipment, which may include patrol vehicles, body armor, weapons and law enforcement-related technology and facilities. The approval of this millage has enabled the City to replace police equipment that had been put on hold.

In May of 2019, City residents approved a Headlee Override millage for streets at 2.5 mills for 7 years, subject to Headlee Rollbacks. Effective FY 2020/21 the rolled back millage is 2.4585. The millage provides approximately \$1.2 million in revenue annually.

Relevant Financial Policies

In order to better understand the financial condition of the City it will become increasingly important to continue the development of an ongoing Financial Forecasting model. The end result of this forecasting model should be intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast will allow the City to look at its options and prudently plan and act accordingly. As the forecasts are developed over time, they should incorporate benchmark trend analysis to measure how our actual results compare to our projections and to the actual results of other similar benchmark communities. A key benchmark for the General Fund will be its unassigned fund balance, which at June 30, 2020 was \$1,874,962 or 22.4% of the operating expenditures budgeted for FY20/21. The City of Brighton has adopted a policy to maintain a minimum unassigned fund balance of 15% of operating expenditures. The Utilities Fund Current Ratio was 2.8 on June 30, 2020, which is above the target of 2:1. Working capital, a key benchmark of the Utilities Fund, decreased by \$238,119 to \$2,321,042 at June 30, 2020. The working capital less the capital reserve fund, covered 53% of the Utilities Fund Expenses, including depreciation. Exclusive of depreciation, the coverage was 84% of expenses. This decrease was a part of the FY 2019/20 budget. Significant capital expenditures were necessary over the last two years, and rather than spiking utility rates in the current year, the City Council opted to smooth in the rate increases over the next five years to build the working capital reserves back to prior levels.

The City makes a serious effort to maximize investment earnings, diversification and insurability of its investable funds. Idle cash during the year was invested in cash management funds and certificate of deposits. Interest earned for the current fiscal year amounted to \$169,893, a decrease of \$64,952 or 27.7% from the preceding year, which was primarily caused by the prior year having unspent bond proceeds coupled with declining interest rates in the last quarter of 2019/20 due to the impacts of the COVID-19 virus. The City continues its efforts to diversify its investment portfolio to increase its insured deposits. The City's investment policy was last updated during FY11/12.

The City's Debt Management Policy has established debt capacity limits or guidelines for the City to use in conjunction with its capital planning and budgeting processes. The Debt Management policy was last updated during FY2011/12.

Major Initiatives and Financial Accomplishments in 2019-20

- The City added approximately \$3,289,500 of new capital assets including: a pick-up truck, mini loader, gator, two lawn mowers, a police in-car camera system, a new server at the police department, police squad room furniture, new windows at city hall, and street infrastructure, began work on the Rickett Rd. sewer line project, replaced the hot water circulator, an air compressor, oxidation ditch gearboxes, and a lobline pump at the waste water plant, purchased an underground storage tank monitoring system and a water line indicator, repaired pumps at the Challis Rd, 3rd Street, and Pierce Street stations, and continued work on the Downtown Streetscape.
- The City received its eleventh consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2018-19 Comprehensive Annual Financial Report (CAFR).
- The City prepared a six-year Capital Improvement Program
- The City's had its first year of collection on a voter approved a Headlee override for streets at 2.5 mills.
- The City created a Capital Reserve Fund along with a plan for continued funding to ensure future capital needs will be funded.
- The City successfully negotiated with staff to reduce the pension and OPEB liabilities by closing the pension plan to all new hires except for police. Police new hires will be enrolled in a hybrid defined contribution and pension plan with a lower multiplier. The OPEB plan has been closed to new hires since 2014, however the current year negotiations enabled the city to provide a lower cost plan to retirees.
- Due the uncertainty surrounding the COVID-19 virus the city deferred the filling of vacant non-critical infrastructure and police personnel. Additionally, non-essential staff were laid off for a period of time. All laid off staff were brought back on before the fiscal year's end.

Accounting System and Budgetary Control

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, the City's accounting system is organized and operated on a "fund basis". Each fund is a distinct, self-balancing accounting entity.

In view of the importance of the budget as a planning and control instrument in the City, the accounting system provides the basis for appropriate budgetary control. Budget-to-actual comparisons are included in the Required Supplemental Information found on pages 52-56 of this report. Unlike accounting, budgeting is not essentially a financial procedure; it is primarily a policy-planning process. Therefore, it is much less amenable to standardization, however, the importance of GAAP, audit standards, the credit markets' need for more complete disclosure of the City's underlying condition, and the heightened sophistication of the public and press about the importance of outcomes as well as projections, have combined to professionalize and conform budgeting terms and definitions to GAAP. As a result, common terminology, measurement, and classification are used consistently throughout the City's budget, accounting records and financial reports.

An annual budget is adopted in accordance with the legal requirements set forth in the Uniform Budgeting Act, State of Michigan P.A. 621 of 1978. The City's budget is prepared on the modified accrual basis for governmental-type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenue is recorded when it is both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on a long-term debt and accrued leave time. The City's governmental fund types, such as the General Fund, special revenue funds, debt service funds, and capital project funds, are reported on the modified accrual basis. The City's enterprise funds are reported on the full accrual basis, under which revenue is recorded when earned and expenses are recorded when incurred.

Also required under the Uniform Budgeting Act are budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Expenditures are authorized via an annual budget passed by resolution in which the Council authorizes the level of funding for City operations. The Council adopts a department/activity level budget, which is considered the maximum authorization to incur liabilities and not a mandate to spend.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brighton, Michigan for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Brighton, Michigan has received a Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, as well as the advice from Plante Moran. I wish to express my sincere appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to express my thanks to the City Manager, the Department Directors and each of you for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Gretchen M. Gomolka
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

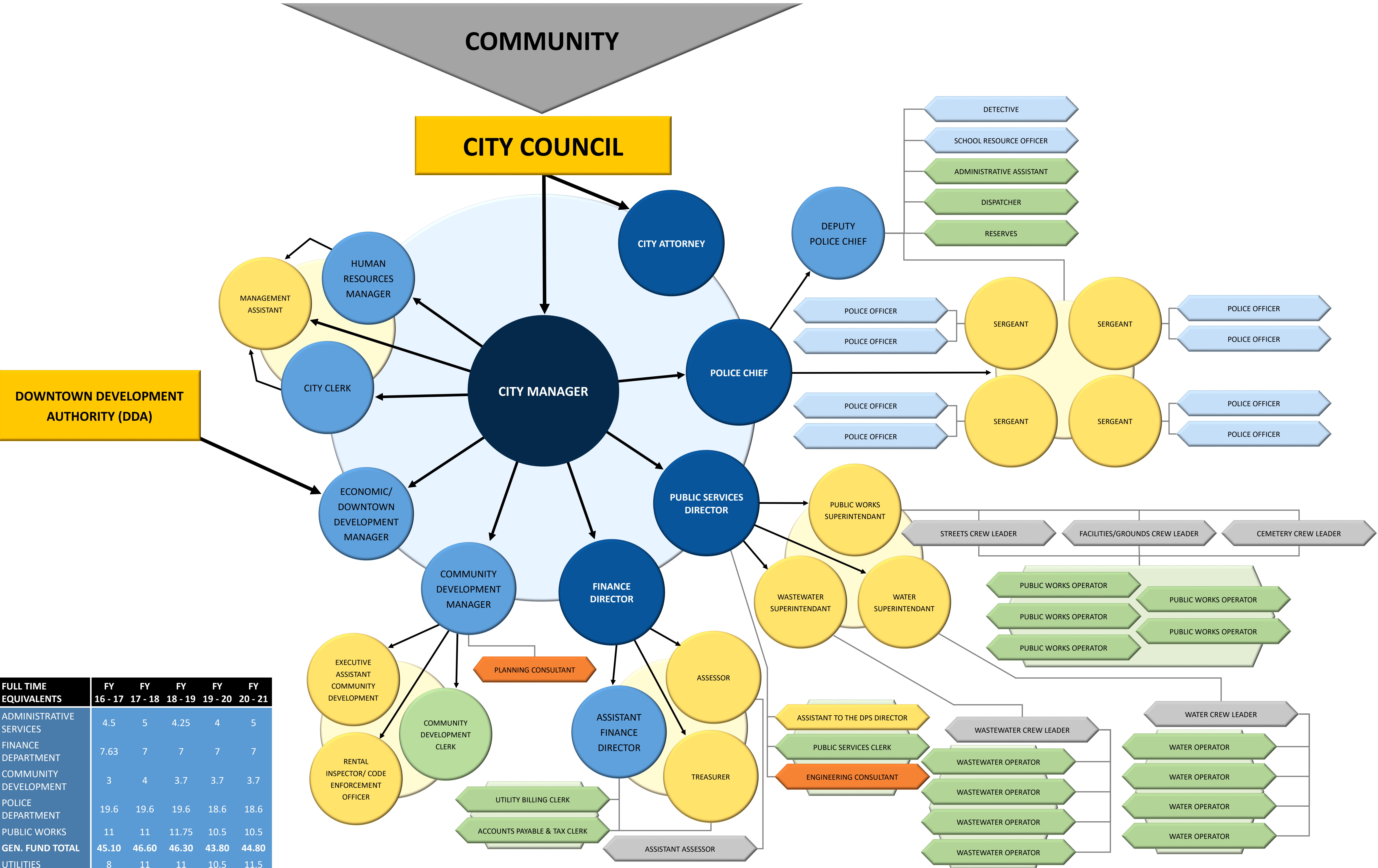
**City of Brighton
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

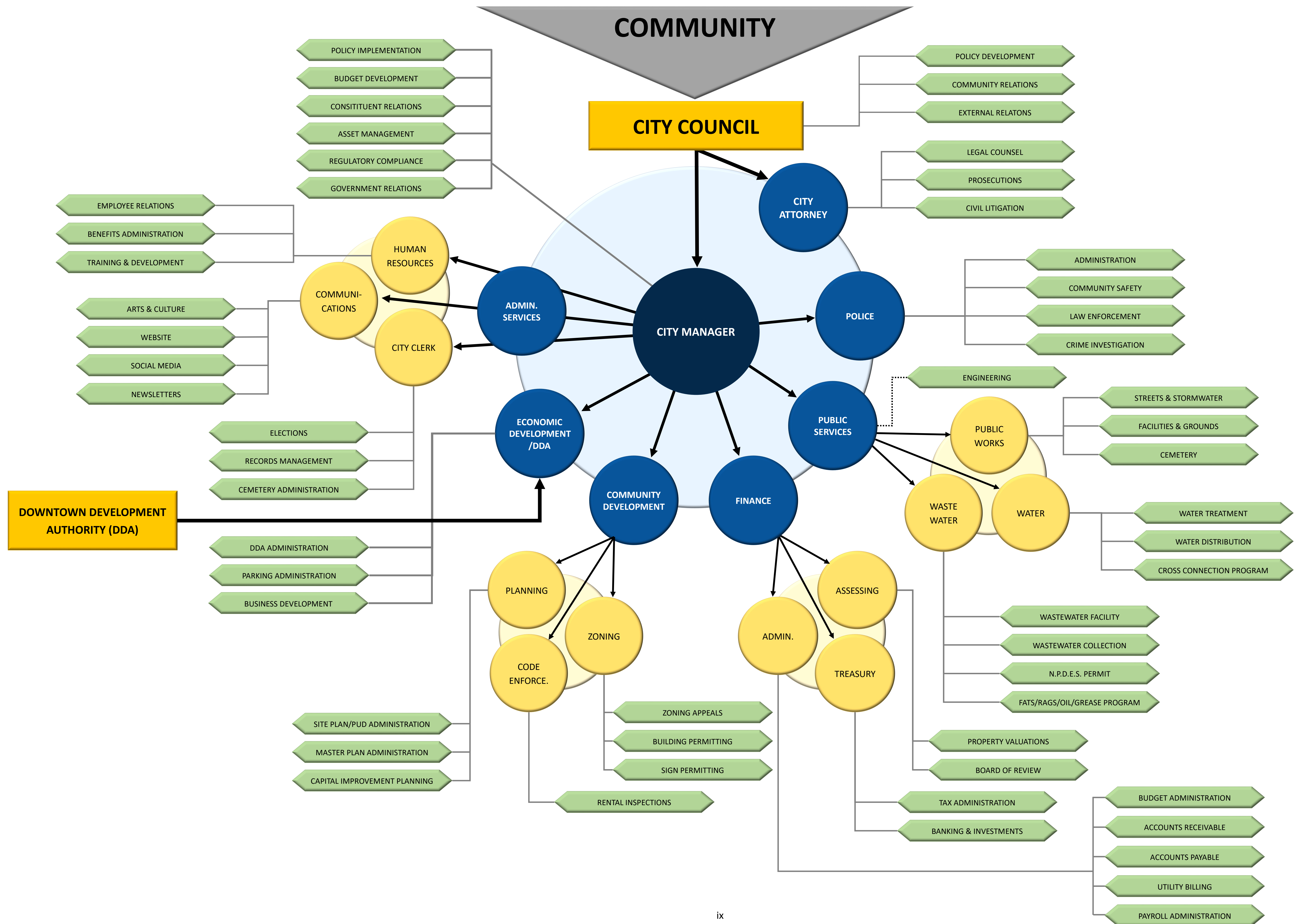
June 30, 2019

Christopher P. Morrell

Executive Director/CEO



FULL TIME EQUIVALENTS	FY 16 - 17	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21
ADMINISTRATIVE SERVICES	4.5	5	4.25	4	5
FINANCE DEPARTMENT	7.63	7	7	7	7
COMMUNITY DEVELOPMENT	3	4	3.7	3.7	3.7
POLICE DEPARTMENT	19.6	19.6	19.6	18.6	18.6
PUBLIC WORKS	11	11	11.75	10.5	10.5
GEN. FUND TOTAL	45.10	46.60	46.30	43.80	44.80
UTILITIES	8	11	11	10.5	11.5
TOTAL	53.10	57.60	57.30	54.30	56.30



CITY OF BRIGHTON, MICHIGAN
List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2020

ELECTED OFFICIALS

Shawn Pipoly	Mayor
Susan Gardner	Mayor Pro Tem
Jim Bohn	Council Member
Jon Emaus	Council Member
Jim Muzzin	Council Member
Renee Pettengill	Council Member
Kristoffer Tobbe	Council Member

APPOINTED OFFICIALS

Nate Geinzer	City Manager
Paul Burns	City Attorney
Gretchen Gomolka	Finance Director
Tara Brown	City Clerk
Michelle Miller	Organizational Relations Manager
Robert Bradford	Police Chief
Marcel Goch	Public Services Director
Michael Caruso	Community Development Manager

Independent Auditor's Report

To the City Council
City of Brighton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Brighton, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Brighton, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and major special revenue funds, pension system schedules of changes in the net pension liability and related ratios and city contributions, and schedules of changes in the net OPEB liability and related ratios and contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brighton, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Plante & Moreau, PLLC

October 5, 2020

The City of Brighton, Michigan's (the "City") Comprehensive Annual Financial Report (CAFR) is presented in the format required by Governmental Accounting Standards Board (GASB) Statement No. 34. The June 30, 2020 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, (4) other supplemental information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) the statistical section. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

Financial Highlights

- The assets and deferred outflows of resources of the primary government of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38.0 million (net position). Included in this amount is a negative \$14.1 million of unrestricted net position.
- The City's total primary government net position increased by \$2.5 million. This increase is the result of an increase in governmental net position of \$2.2 million and an increase of \$275.6 thousand in business-type net position.
- The \$2.2 million increase in the net position of the governmental activities is primarily the result of increased capital assets of \$393 thousand, debt extinguishment of \$805 thousand, a net increase in deferred outflows of resources related to the OPEB and pension plans of \$367 thousand, and decreases in the net pension and OPEB liabilities account of \$4.5 million partially offset by an increase in the deferred inflows of resources for the OPEB liabilities of \$4 million. The changes in the pension and OPEB liabilities and deferred inflows of resources relate to benefit changes that were negotiated with city employees during the year.
- The \$275.6 thousand increase in the net position of the business-type funds is primarily the result of debt extinguishment of \$1 million, a net increase in deferred outflows of resources related to the OPEB and pension plans of \$111 thousand, and decreases in the net pension and OPEB liabilities account of \$804 thousand partially offset by an increase in the deferred inflows of resources for the OPEB liabilities of \$936 thousand, a decrease in capital assets of \$502 thousand, and a decrease in receivables of \$174 thousand. The changes in the pension and OPEB liabilities and deferred inflows of resources relate to benefit changes that were negotiated with city employees during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4.6 million, an increase of \$300 thousand in comparison with the prior year. A total of \$4.2 million or approximately 91 percent of the fund balance is available for spending at the City Council's discretion. Of that amount, \$728.5 thousand is restricted for spending on streets in the Major and Local Street funds and Street Millage Fund, \$75.1 thousand is restricted for police expenditures related to forfeiture, \$270.6 thousand is restricted for law enforcement/public safety expenditures related to the police millage, \$636 is assigned to the Principal Shopping District, \$10.8 thousand is assigned to the Arts and Culture Commission, and \$29.1 thousand is assigned to Imagination Station Maintenance; a total of \$1.2 million of the available fund balance is assigned for retiree legacy costs, capital projects/purchases, streets, and carryover budget items that were not completed in FY 2019/2020 in the General Fund. The remaining \$1.9 million of fund balance is unassigned in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.9 million, or 22.4 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2021.

Government-wide Overall Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the City of Brighton, Michigan's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the City of Brighton, Michigan's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two former and the two latter reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and performance of the City of Brighton, Michigan is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brighton, Michigan that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Brighton, Michigan include general government, public safety, public works, and community development. The business-type activities of the City of Brighton, Michigan include the water and sewer utility operations.

The government-wide financial statements include not only the City of Brighton, Michigan itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA), for which the City of Brighton, Michigan is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brighton, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Brighton, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brighton, Michigan currently maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, Local Streets Fund, and the Street Millage Fund, which are considered to be major funds, and the State Drug Law Enforcement Fund, the Federal Drug Law Enforcement, the Street Debt Fund, the Law Enforcement/Public Safety Fund, the Capital Improvement Fund, and the Capital Reserve Fund, which are considered to be nonmajor funds. In accordance with Governmental Accounting Standards Board Statement No. 54, the Imagination Station Maintenance Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

The City of Brighton, Michigan adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund in the required supplemental information to demonstrate compliance with this budget. The Imagination Station Maintenance Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are included in the General Fund financial statements. The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds

The City of Brighton, Michigan maintains one type of propriety fund, which is an enterprise fund, used to report and account for its utilities (Utilities Fund) operations. The Utilities Fund (which is considered a major fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but only in more detail. The proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary Funds

Fiduciary funds are intended to be used to account for resources held for the benefit of parties outside the City government organization. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Brighton, Michigan's own programs. The accounting used for fiduciary funds is much like that of propriety funds. The City of Brighton, Michigan maintains two fiduciary funds, which are Agency Funds, one for current tax collections and the other for delinquent personal property tax collections. The basic fiduciary fund financial statement can be found on page 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City of Brighton, Michigan's budgetary comparisons with actual for its General Fund, Major Streets Fund, Local Streets Fund, and the Street Millage Fund, as well as certain required schedules showing the funding progress of the pension and OPEB plans. Required supplemental information can be found on pages 52-62 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position and performance. As shown below, for the year ended June 30, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.0 million for the primary government of the City.

By far the largest portion of the City of Brighton, Michigan's net position is the net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Brighton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Brighton, Michigan's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (Continued)

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 7,015,878	\$ 6,037,936	\$ 3,611,353	\$ 3,806,419	\$ 10,627,231	\$ 9,844,355
Capital assets	27,638,221	27,245,580	29,297,828	29,799,965	56,936,049	57,045,545
Total assets	34,654,099	33,283,516	32,909,181	33,606,384	67,563,280	66,889,900
Deferred Outflows of Resources	3,480,070	3,112,782	845,009	736,399	4,325,079	3,849,181
Liabilities						
Current liabilities	2,091,436	1,296,319	182,970	176,941	2,274,406	1,473,260
Noncurrent liabilities:						
Due within one year	1,119,455	1,163,045	1,107,341	1,070,317	2,226,796	2,233,362
Due in more than one year	18,661,676	23,931,683	5,303,299	7,146,453	23,964,975	31,078,136
Total liabilities	21,872,567	26,391,047	6,593,610	8,393,711	28,466,177	34,784,758
Deferred Inflows of Resources	4,402,487	361,727	1,018,566	82,665	5,421,053	444,392
Net Position						
Net investment in capital assets	23,535,409	22,365,142	26,921,552	26,396,276	50,456,961	48,761,418
Restricted	1,670,347	1,380,941	-	-	1,670,347	1,380,941
Unrestricted	(13,346,641)	(14,102,559)	(779,538)	(529,869)	(14,126,179)	(14,632,428)
Total net position	\$ 11,859,115	\$ 9,643,524	\$ 26,142,014	\$ 25,866,407	\$ 38,001,129	\$ 35,509,931

An additional portion of the City of Brighton, Michigan's net position (4.4 percent) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

As shown below, governmental activities increased the City of Brighton's net position by \$2.2 million. Last fiscal year, the net position of the governmental activities increased by \$2.5 million. While the change in net position has been relatively flat for the last two years, the drivers differ. In the prior fiscal year, there were one-time capital grants of \$1.7 million related to an MDOT street project, and, in the current fiscal year, property taxes were \$1.6 million higher than the prior year primarily due to a new street millage. The small decrease in expenditures is due to reduced expenditures in the public safety and community development department related to reduced pension and OPEB expenditures and a combination of temporary and permanent changes in staffing levels, partially offset by economic inflations increases and partially offset by an increase in public works, which represents the department being fully staffed in current year.

Business-type Activities

Business-type activities increased the City of Brighton, Michigan's net position by \$275.6 thousand in the current fiscal year. Last fiscal year, the net position of the business-type activities decreased by \$900.5 thousand. The increase in the current year net position is due to decreases in pension in OPEB expense, primarily the result of benefit changes that were negotiated with city employees during the year. The decrease to net position in the prior year was related to significant pension and OPEB expense primarily due to changes in assumptions.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 1,456,273	\$ 1,526,403	\$ 3,996,601	\$ 3,806,356	\$ 5,452,874	\$ 5,332,759
Operating grants	768,781	866,819	-	63,987	768,781	930,806
Capital grants	-	1,652,096	671,003	170,698	671,003	1,822,794
General revenue:						
Property taxes	7,824,077	6,245,376	-	-	7,824,077	6,245,376
State-shared revenue and grants	870,140	857,903	-	-	870,140	857,903
Investment earnings	148,345	189,234	17,963	30,278	166,308	219,512
Other revenue	210,522	320,370	2,019	368,007	212,541	688,377
Total revenue	11,278,138	11,658,201	4,687,586	4,439,326	15,965,724	16,097,527
Expenses						
General government	1,417,681	1,615,669	-	-	1,417,681	1,615,669
Public safety	2,821,394	3,391,391	-	-	2,821,394	3,391,391
Public works	4,322,832	3,365,745	-	-	4,322,832	3,365,745
Community and economic development	365,224	599,107	-	-	365,224	599,107
Debt service	135,416	161,714	-	-	135,416	161,714
Water and sewer	-	-	4,411,979	5,339,867	4,411,979	5,339,867
Total expenses	9,062,547	9,133,626	4,411,979	5,339,867	13,474,526	14,473,493
Change in Net Position	2,215,591	2,524,575	275,607	(900,541)	2,491,198	1,624,034
Net Position - Beginning of year	9,643,524	7,118,949	25,866,407	26,766,948	35,509,931	33,885,897
Net Position - End of year	\$ 11,859,115	\$ 9,643,524	\$ 26,142,014	\$ 25,866,407	\$ 38,001,129	\$ 35,509,931

The City's Funds

Governmental Funds

The focus of the City of Brighton, Michigan's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Brighton, Michigan's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brighton, Michigan's governmental funds reported combined ending fund balances of \$4.58 million, an increase of \$300 thousand in comparison with the prior year. Approximately 40.9 percent of this total amount (\$1.9 million) constitutes unassigned fund balance, which is available for investment and/or spending at the City's discretion in the General Fund. The remainder of fund balance is nonspendable (cemetery care and prepaid expenses), restricted (streets, federal and state drug forfeiture, and law enforcement/public safety), or assigned (to liquidate contracts and purchase orders of the prior period or for subsequent year expenditures, and assigned for purposes such as Arts and Culture Commission, Imagination Station maintenance, Principal Shopping District, streets, retiree legacy costs, and capital projects/purchases).

The General Fund is the chief operating fund of the City of Brighton, Michigan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1.9 million. The FY 2020-2021 budget is balanced with a budgeted use of fund balance totaling \$99.7 thousand; however approximately \$907.6 thousand of the assigned fund balance is designated for capital projects/purchases and streets. Of this amount, \$650 thousand is included in the 2019-2020 budget as a transfer out to a new Capital Reserve Fund and \$100 thousand is a transfer to the Local Streets Fund. As a measure of the General Fund's liquidity, it is more useful to compare the total unassigned fund balance to total fund operating expenditures. Unassigned fund balance represents 22.4 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2021. The City of Brighton, Michigan's fund balance policy has a minimum fund balance requirement of 15 percent.

The unassigned fund balance of the City of Brighton, Michigan's General Fund increased by \$672.7 thousand during the current fiscal year. The primary reason for the increase is decreased fund balance assignments of \$648.8 thousand, particularly for streets and capital projects/purchases for which a portion of last fiscal year's assignments were transferred to a new Capital Reserve Fund in the current fiscal year.

At the end of the current fiscal year, total fund balance of the Major Streets Fund was \$497.9 thousand. This is an increase of \$152.3 thousand from the prior year. The increase is primarily due to budgeted projects that finished under budget coupled with projects that were delayed until the next fiscal year due to the economic shutdown related to the COVID-19 pandemic.

The Local Streets Fund had an ending fund balance of \$127.2 thousand. This is an increase of \$55.0 thousand over the prior year. The increase is primarily due to budgeted projects that finished under budget coupled with projects that were delayed until the next fiscal year due to the economic shutdown related to the COVID-19 pandemic.

The Street Millage Fund was established in the current year to account for the revenue from a new tax levy for streets. At the end of the current fiscal year, total fund balance was \$105.0 thousand. The fund balance represents the revenue from this first year's levy that was in excess of the cost of the first project undertaken with the new levy.

At the end of the current fiscal year, the debt service fund (Street Debt Fund) had a total fund balance of \$0.

The Federal and State Drug Law Enforcement funds had a combined ending fund balance of \$75.1 thousand. All of the revenue in these funds is from police seizures. During the fiscal year, the police department purchased K-9 dog supplies, crime scene cameras, helmets and threat plates, an in-car camera system, and paid for police training.

The Law Enforcement/Public Safety Fund had an ending fund balance of \$270.1 thousand, which is funded primarily through a voter-approved millage for law enforcement/public safety equipment and will be used for future law enforcement equipment. The approximately \$182 thousand in revenue assisted the police department with purchasing new office furniture, special team equipment and software, and police department equipment including vests, radios, tasers, targets, computer hardware, and a downtown camera system.

Proprietary Funds

The City of Brighton, Michigan's Utilities enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utilities Fund at the end of the year amounted to a deficit of \$779.5 thousand, down \$250 thousand from the prior year. The Utilities Fund had a \$1.0 million operating loss partially due to the fact that the operating revenue does not cover all the depreciation expense. This fund had a net gain of \$275.6 thousand. This increase is primarily the result of decreased pension and OPEB expense as a result of benefit changes that were negotiated with city employees during the year.

General Fund Budgetary Highlights

Differences between the General Fund's original budget and final amended budget can be briefly summarized as follows:

The \$16.3 thousand, or 0.2 percent, increase in revenue amendments from the original budget reflect increases related to higher than anticipated personal property tax reimbursement from the State, interest income, insurance and other reimbursements nearly entirely offset by decreases in for revenue related to building permits, zoning fees, cemetery lots sales, and state-shared revenue, all of which were a result of the economic downturn related to the COVID-19 pandemic.

The \$193.7 thousand, or 2.6 percent, decrease in total expenditure amendments from the original budget reflect lower than anticipated expenditures in the general government, public works, and community development activity budgets, partially offset by higher than anticipated expenditures in the public safety and transfers out activity budgets. The public safety budget increase is due to payouts of compensated absences of police officers who retired during the current fiscal year. The transfers out budget increase was the result of increased sidewalk maintenance that was completed in the current fiscal year as opposed to fiscal year 2020-2021. The City realized savings by moving up the timing of the work. The budgeted expenditure decreases are attributed to several small adjustments, including grounds and equipment repairs and maintenance and employee wages and benefits due to vacancies that occurred throughout the year. Actual year-end expenditures came in below the original budget and amended budgets primarily due to savings in the public works division resulting from temporary employee vacancies, lower than anticipated repairs and maintenance, and the postponement of engineering for upcoming projects, some of which was due to the economic downturn due to the COVID-19 pandemic.

Capital Assets and Debt Administration

Capital Assets

As shown below, the City of Brighton, Michigan's investment in capital assets for its primary government (governmental and business-type activities) as of June 30, 2020 amounts to \$56.9 million (net of accumulated depreciation). This investment in capital assets includes land (including rights-of-way), buildings and system, improvements, machinery and equipment, park facilities, streets, and bridges. The City of Brighton, Michigan's investment in capital assets for its component unit (DDA) as of June 30, 2020 amounts to \$4.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and improvements. The total net decrease in the City of Brighton, Michigan's investment in capital assets for the current year was 0.56 percent (a 1.4 percent increase in governmental activities, a 1.7 percent decrease for business-type activities, and a 4.7 percent decrease for its component unit).

	Governmental Activities		Business-type Activities		Component Unit		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Land	\$ 13,530,821	\$ 13,530,821	\$ 157,362	\$ 157,362	\$ 2,043,198	\$ 2,043,198	\$ 15,731,381	\$ 15,731,381
Construction in progress	1,218,883	88,399	86,890	315,170	84,675	23,138	1,390,448	426,707
Infrastructure	8,385,479	9,019,951	17,361,657	16,910,696	-	-	25,747,136	25,930,647
Building and building improvements	3,240,912	3,300,437	11,525,281	12,267,146	2,625,646	2,890,952	17,391,839	18,458,535
Machinery and equipment	1,262,126	1,305,972	166,638	149,591	136,510	173,679	1,565,274	1,629,242
Total	<u>\$ 27,638,221</u>	<u>\$ 27,245,580</u>	<u>\$ 29,297,828</u>	<u>\$ 29,799,965</u>	<u>\$ 4,890,029</u>	<u>\$ 5,130,967</u>	<u>\$ 61,826,078</u>	<u>\$ 62,176,512</u>

Major capital assets acquired during the current fiscal year included the following:

- Governmental activities - One pick-up truck, one mini loader, one gator, two lawn mowers, a police in-car camera system, a new server at the police department, police squad room furniture, new windows at city hall, and street infrastructure

- Business-type activities - Began work on the Rickett Rd. sewer line project. Replaced the hot water circulator, air compressor, oxidation ditch gearboxes, and a lobline pump at the waste water plant. Purchased and underground storage tank monitoring system and a water line indicator. Repaired pumps at the Challis Rd, 3rd Street, and Pierce Street stations. Took ownership of contributed water mains and sewer lines from developers
- Component unit - Continued work on the Downtown Streetscape

Additional information on the City of Brighton, Michigan's capital assets can be found in Note 5 on pages 34-36 of this report.

Long-term Debt

As shown below, at the end of the current fiscal year, the City of Brighton, Michigan had total debt outstanding of \$8.9 million. Of this total, \$7.7 million, or 86.5 percent, comprises debt backed by the full faith and credit of the City, including \$354.3 thousand of revenue bonds; \$460 thousand, or 5.2 percent, is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment; and \$735 thousand, or 8.3 percent, comprises revenue bonds backed by the revenue of the City's Utilities Fund. A total of \$4.1 million, or 46.7 percent, of the total debt is governmental activities debt; \$2.4 million, or 26.7 percent, is business-type activities debt; and the remaining \$2.4 million, or 26.6 percent, is component unit debt (DDA bonds).

	Governmental Activities		Business-type Activities		Component Units		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Direct borrowings/placements	\$ 212,574	\$ 308,066	\$ 425,034	\$ 545,404	\$ 314,100	\$ 314,100	\$ 951,708	\$ 1,167,569
General obligation bonds/notes	3,464,650	3,936,700	1,940,350	2,828,300	2,045,000	2,275,000	7,450,000	9,040,000
Special assessment bonds	460,000	675,000	-	-	-	-	460,000	675,000
Total	\$ 4,137,224	\$ 4,919,766	\$ 2,365,384	\$ 3,373,704	\$ 2,359,100	\$ 2,589,100	\$ 8,861,708	\$ 10,882,569

The City of Brighton, Michigan's total debt, excluding compensated absences and unamortized bond premiums, decreased by \$2.0 million (18.6 percent) during the current fiscal year. This decrease was the result of scheduled principal payments on existing debt.

The City of Brighton, Michigan maintains noninsured bond ratings as follows: AA+ from Standard & Poor's, Aa3 rating from Moody's, and an AA+ from KBRA.

State statutes limit the amount of general obligation debt a city may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Brighton, Michigan is \$58.9 million, which is significantly in excess of the City's total net debt (total debt less installment purchase agreements, special assessment debt, revenue bonds, MTF, and county-shared debt) of \$7.2 million. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt, at June 30, 2020 was \$51.7 million.

Additional information on the City of Brighton, Michigan's long-term debt can be found in Note 7 on pages 38-41 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Brighton, Michigan has not been tracked since December 31, 2004. At July 30, 2020, the average unemployment rate for Livingston County, Michigan was 7.1 percent, which is an increase from 3.7 percent a year ago; for the State of Michigan, it was 9.5 percent, and for the United States, it was 10.2 percent. This increase is a direct result of the economic downturn caused by the COVID-19 pandemic. Unemployment for the county saw its peak at 21.9 percent in April 2020, and we have seen steady and significant improvement in the last several months.

- The Consumer Price Index (CPI) region including Livingston County is Detroit/Wayne/Dearborn. For the year ended June 30, 2020, the CPI for this region increased by 0.5 percent from a year ago, the midwest region average CPI rate increased by 0.4 percent from a year ago, and the national CPI rate increased by 0.6 percent from a year ago.
- The impacts of the COVID-19 on taxable value are still unknown at this time. Home sales in the City have remained strong in spite of the general economic downturn. Other revenue likely to be impacted by COVID-19 are those that we receive from the State of Michigan related to sales tax and gasoline tax sharing. The most recent payments related to these items were not as severely impacted as we had initially anticipated they would be.

The trends in these economic factors were considered in the development of the City of Brighton, Michigan's FY 2020-2021 budget and will continue to be considered when preparing the 2021-2022 budget.

During the current fiscal year, assigned fund balance includes \$908 thousand for capital projects/purchases and streets. This represents fund balance in both the General Fund and the Capital Reserve Fund. The FY 2020-2021 budget was balanced with a budgeted use of fund balance totaling \$99.7 thousand. The remaining unassigned fund balance represents 22.4 percent of the total current General Fund budgeted expenditures at June 30, 2021.

The City's utility user fees increased an average of 14.1 percent for the fiscal year 2020-2021 budget year. The City is continuing to see steady connection fee sales as developers are proposing redevelopment of existing parcels. The City is almost entirely built out, and new developments are primarily on existing built parcels. In the current year, the City had \$1.1 million in utility capital asset additions, which was paid for using revenue from current year sales. User fees are evaluated annually and are adjusted to cover needed improvements to its utility systems, using a smoothed increase approach.

Requests for Further Information

This financial report is designed to provide a general overview of the City of Brighton, Michigan's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gretchen Gomolka, Finance Director, City of Brighton, 200 N. First Street, Brighton, MI 48116.

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,183,286	\$ 2,599,496	\$ 8,782,782	\$ 514,061
Receivables:				
Delinquent taxes	106,175	-	106,175	19,266
Special assessments	266,436	-	266,436	-
Customer	65,412	896,719	962,131	-
Other receivables	187,712	-	187,712	-
Due from other governments	110,095	-	110,095	-
Inventory	-	82,898	82,898	-
Prepays	96,762	32,240	129,002	7,331
Capital assets:				
Assets not subject to depreciation (Note 5)	14,749,704	244,252	14,993,956	2,127,873
Assets subject to depreciation - Net (Note 5)	12,888,517	29,053,576	41,942,093	2,762,156
Total assets	34,654,099	32,909,181	67,563,280	5,430,687
Deferred Outflows of Resources				
Deferred charges on refunding	194,081	19,399	213,480	-
Deferred pension costs (Note 9)	1,078,484	316,107	1,394,591	-
Deferred OPEB costs (Note 10)	2,207,505	509,503	2,717,008	-
Total deferred outflows of resources	3,480,070	845,009	4,325,079	-
Liabilities				
Accounts payable	1,257,712	127,562	1,385,274	5,459
Deposits	598,493	-	598,493	-
Accrued liabilities and other	235,231	55,408	290,639	22,918
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	343,306	51,306	394,612	-
Current portion of long-term debt (Note 7)	776,149	1,056,035	1,832,184	235,000
Due in more than one year:				
Compensated absences (Note 7)	280,887	76,959	357,846	-
Net pension liability (Note 9)	7,273,306	2,135,651	9,408,957	-
Net OPEB liability (Note 10)	7,586,739	1,751,049	9,337,788	-
Long-term debt (Note 7)	3,520,744	1,339,640	4,860,384	2,124,100
Total liabilities	21,872,567	6,593,610	28,466,177	2,387,477
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 9)	39,626	11,598	51,224	-
Deferred OPEB cost reductions (Note 10)	4,362,861	1,006,968	5,369,829	-
Total deferred inflows of resources	4,402,487	1,018,566	5,421,053	-
Net Position				
Net investment in capital assets	23,535,409	26,921,552	50,456,961	2,530,929
Restricted:				
Streets	996,621	-	996,621	-
Cemetery care - Nonexpendable	327,659	-	327,659	-
Federal/State drug law enforcement	75,149	-	75,149	-
Law enforcement/Public safety	270,918	-	270,918	-
Unrestricted	(13,346,641)	(779,538)	(14,126,179)	512,281
Total net position	\$ 11,859,115	\$ 26,142,014	\$ 38,001,129	\$ 3,043,210

City of Brighton, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,417,681	\$ 412,331	\$ -	\$ -
Public safety	2,821,394	159,007	1,447	-
Public works	4,322,832	673,930	767,334	-
Community development	365,224	211,005	-	-
Interest on long-term debt	135,416	-	-	-
Total governmental activities	9,062,547	1,456,273	768,781	-
Business-type activities - Utility	4,411,979	3,996,601	-	671,003
Total primary government	<u>\$ 13,474,526</u>	<u>\$ 5,452,874</u>	<u>\$ 768,781</u>	<u>\$ 671,003</u>
Component unit - Downtown Development Authority	<u>\$ 750,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment interest				
Gain on disposal of assets				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,005,350)	\$ -	\$ (1,005,350)	\$ -
(2,660,940)	-	(2,660,940)	-
(2,881,568)	-	(2,881,568)	-
(154,219)	-	(154,219)	-
(135,416)	-	(135,416)	-
(6,837,493)	-	(6,837,493)	-
-	255,625	255,625	-
(6,837,493)	255,625	(6,581,868)	-
-	-	-	(750,455)
7,824,077	-	7,824,077	863,523
870,140	-	870,140	89,296
148,345	17,963	166,308	3,585
20,068	2,019	22,087	-
190,454	-	190,454	14,988
9,053,084	19,982	9,073,066	971,392
2,215,591	275,607	2,491,198	220,937
9,643,524	25,866,407	35,509,931	2,822,273
\$ 11,859,115	\$ 26,142,014	\$ 38,001,129	\$ 3,043,210

Governmental Funds
Balance Sheet

June 30, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Street Millage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 3,668,761	\$ 560,443	\$ 941,701	\$ 112,791	\$ 899,590	\$ 6,183,286
Receivables:						
Delinquent taxes	105,385	-	-	-	790	106,175
Special assessments	-	266,436	-	-	-	266,436
Customer	65,412	-	-	-	-	65,412
Other receivables	187,674	-	-	-	38	187,712
Due from other governments	-	81,101	28,994	-	-	110,095
Prepays	93,944	1,037	665	-	1,116	96,762
Total assets	\$ 4,121,176	\$ 909,017	\$ 971,360	\$ 112,791	\$ 901,534	\$ 7,015,878
Liabilities						
Accounts payable	\$ 211,033	\$ 144,690	\$ 844,112	\$ -	\$ 57,877	\$ 1,257,712
Deposits	598,493	-	-	-	-	598,493
Accrued liabilities and other	197,666	-	-	7,745	-	205,411
Total liabilities	1,007,192	144,690	844,112	7,745	57,877	2,061,616
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	104,425	-	-	-	790	105,215
Unavailable revenue - Special assessments	-	266,436	-	-	-	266,436
Total deferred inflows of resources	104,425	266,436	-	-	790	371,651
Total liabilities and deferred inflows of resources	1,111,617	411,126	844,112	7,745	58,667	2,433,267
Fund Balances						
Nonspendable:						
Prepays	93,944	1,037	665	-	1,116	96,762
Cemetery care - Permanent	327,659	-	-	-	-	327,659
Restricted:						
Streets	-	496,854	126,583	105,046	-	728,483
Federal/State drug law enforcement	-	-	-	-	75,149	75,149
Law enforcement/Public safety	1,600	-	-	-	269,012	270,612
Assigned:						
Retiree legacy costs	250,000	-	-	-	-	250,000
Capital projects/purchases	150,000	-	-	-	497,590	647,590
Open purchase orders at year end	10,862	-	-	-	-	10,862
Principal shopping district	636	-	-	-	-	636
Arts and cultural commission	10,780	-	-	-	-	10,780
Imagination Station	29,116	-	-	-	-	29,116
Streets	260,000	-	-	-	-	260,000
Unassigned	1,874,962	-	-	-	-	1,874,962
Total fund balances	3,009,559	497,891	127,248	105,046	842,867	4,582,611
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,121,176	\$ 909,017	\$ 971,360	\$ 112,791	\$ 901,534	\$ 7,015,878

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 4,582,611
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	27,638,221
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	371,651
Deferred charges on bond refundings are amortized over the related bond terms and are not reported in the funds	194,081
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,296,893)
Accrued interest is not due and payable in the current period and is not reported in the funds	(29,820)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(624,193)
Pension benefits, including deferred outflows/inflows of resources	(6,234,448)
Retiree health care benefits, including deferred outflows/inflows of resources	(9,742,095)
Net Position of Governmental Activities	<u><u>\$ 11,859,115</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Major Streets Fund	Local Streets Fund	Street Millage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 6,452,691	\$ -	\$ -	\$ 1,162,217	\$ 176,479	\$ 7,791,387
Special assessments	-	130,401	-	-	-	130,401
State-shared revenue and grants	867,319	567,121	200,213	-	4,268	1,638,921
Charges for services	743,489	-	-	-	-	743,489
Fines, forfeitures, and penalties	299,373	-	-	3,148	492	303,013
Licenses and permits	403,378	33,085	2,200	-	1,500	440,163
Unrestricted investment interest	115,449	25,116	272	4,161	3,347	148,345
Other revenue	196,582	4,219	-	-	-	200,801
Total revenue	9,078,281	759,942	202,685	1,169,526	186,086	11,396,520
Expenditures						
Current services:						
General government	1,500,783	-	-	-	-	1,500,783
Public safety	3,166,125	-	-	-	7,193	3,173,318
Public works	2,081,261	1,068,747	1,514,271	-	-	4,664,279
Community and economic development	395,231	-	-	-	-	395,231
Capital outlay	-	-	-	-	472,548	472,548
Debt service	-	244,300	-	-	674,757	919,057
Total expenditures	7,143,400	1,313,047	1,514,271	-	1,154,498	11,125,216
Excess of Revenue Over (Under) Expenditures	1,934,881	(553,105)	(1,311,586)	1,169,526	(968,412)	271,304
Other Financing Sources (Uses)						
Transfers in (Note 6)	-	721,693	1,366,631	-	2,771,952	4,860,276
Transfers out (Note 6)	(2,550,419)	(16,310)	-	(1,064,480)	(1,229,067)	(4,860,276)
Sale of capital assets	3,800	-	-	-	28,309	32,109
Total other financing (uses) sources	(2,546,619)	705,383	1,366,631	(1,064,480)	1,571,194	32,109
Net Change in Fund Balances	(611,738)	152,278	55,045	105,046	602,782	303,413
Fund Balances - Beginning of year	3,621,297	345,613	72,203	-	240,085	4,279,198
Fund Balances - End of year	<u>\$ 3,009,559</u>	<u>\$ 497,891</u>	<u>\$ 127,248</u>	<u>\$ 105,046</u>	<u>\$ 842,867</u>	<u>\$ 4,582,611</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 303,413
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. Capital contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds:	
Capital outlay	2,084,057
Depreciation expense	(1,667,527)
Net book value of assets disposed of is not reported in the fund statements	(23,888)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(126,603)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	782,542
Interest expense is recognized in the government-wide statements as it accrues	1,099
Certain employee costs (pension, retiree health care, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	862,498
Change in Net Position of Governmental Activities	<u>\$ 2,215,591</u>

Proprietary Fund
Statement of Net Position

June 30, 2020

Enterprise -
Utilities Fund

Assets

Current assets:

Cash and cash equivalents	\$ 2,599,496
Receivables - Customers and other governments	896,719
Inventory	82,898
Prepays	32,240

Total current assets 3,611,353

Noncurrent assets - Capital assets - Net (Note 5) 29,297,828

Total assets 32,909,181

Deferred Outflows of Resources

Deferred charges on refunding	19,399
Deferred pension costs (Note 9)	316,107
Deferred OPEB costs (Note 10)	509,503

Total deferred outflows of resources 845,009

Liabilities

Current liabilities:

Accounts payable	127,562
Accrued liabilities and other	55,408
Compensated absences (Note 7)	51,306
Current portion of long-term debt (Note 7)	1,056,035

Total current liabilities 1,290,311

Noncurrent liabilities:

Compensated absences (Note 7)	76,959
Net pension liability (Note 9)	2,135,651
Net OPEB liability (Note 10)	1,751,049
Long-term debt (Note 7)	1,339,640

Total noncurrent liabilities 5,303,299

Total liabilities 6,593,610

Deferred Inflows of Resources

Deferred pension cost reductions (Note 9)	11,598
Deferred OPEB cost reductions (Note 10)	1,006,968

Total deferred inflows of resources 1,018,566

Net Position

Net investment in capital assets	26,921,552
Unrestricted	(779,538)

Total net position \$ 26,142,014

Proprietary Fund
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	<u>Enterprise - Utilities Fund</u>
Operating Revenue	
Sales	\$ 2,941,205
Tap charges and other	345,425
Penalties	<u>41,567</u>
Total operating revenue	3,328,197
Operating Expenses	
Salaries and fringe benefits	1,634,511
Other purchased services	216,589
Purchased property services	118,325
Professional and technical services	30,219
Supplies	249,132
Utilities	269,742
Property	64,679
Other	119,634
Depreciation	<u>1,646,046</u>
Total operating expenses	<u>4,348,877</u>
Operating Loss	(1,020,680)
Nonoperating Revenue (Expense)	
Investment income	17,963
Interest expense	(63,102)
Gain on sale of assets	2,019
Debt service charge	<u>668,404</u>
Total nonoperating revenue	<u>625,284</u>
Loss - Before contributions	(395,396)
Capital Contributions	<u>671,003</u>
Change in Net Position	275,607
Net Position - Beginning of year	<u>25,866,407</u>
Net Position - End of year	<u><u>\$ 26,142,014</u></u>

**Proprietary Fund
Statement of Cash Flows**

Year Ended June 30, 2020

	<u>Enterprise - Utilities Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,502,242
Payments to suppliers	(926,898)
Payments to employees and fringes	(1,570,341)
Payments to other funds	<u>(88,000)</u>
Net cash and cash equivalents provided by operating activities	917,003
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	2,019
Acquisition and construction of capital assets	(472,906)
Principal and interest paid on capital debt	(1,095,865)
Debt service charge	<u>668,404</u>
Net cash and cash equivalents used in capital and related financing activities	(898,348)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>17,963</u>
Net Increase in Cash and Cash Equivalents	36,618
Cash and Cash Equivalents - Beginning of year	<u>2,562,878</u>
Cash and Cash Equivalents - End of year	<u>\$ 2,599,496</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,020,680)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	1,646,046
Changes in assets and liabilities:	
Receivables	174,045
Inventories	36,858
Prepaid and other assets	20,781
Accrued and other liabilities	46,170
Accounts payable	<u>13,783</u>
Total adjustments	<u>1,937,683</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 917,003</u>

Fiduciary Fund
Statement of Assets and Liabilities

June 30, 2020

Agency Fund -
Tax Collection

Assets - Cash and cash equivalents

\$ 3,672

Liabilities - Accounts payable

\$ 3,672

**Component Unit
Statement of Net Position**

June 30, 2020

Downtown
Development
Authority

Assets

Cash and cash equivalents	\$ 514,061
Receivables - Delinquent taxes	19,266
Prepays	7,331
Capital assets - Net (Note 5)	<u>4,890,029</u>
Total assets	5,430,687

Liabilities

Accounts payable	5,459
Accrued liabilities and other	22,918
Noncurrent liabilities:	
Current portion of long-term debt (Note 7)	235,000
Long-term debt (Note 7)	<u>2,124,100</u>
Total liabilities	<u>2,387,477</u>

Net Position

Net investment in capital assets	2,530,929
Unrestricted	<u>512,281</u>
Total net position	<u><u>\$ 3,043,210</u></u>

Component Unit
Statement of Activities

Year Ended June 30, 2020

	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority
Functions/Programs					
Downtown Development Authority	\$ 750,455	\$ -	\$ -	\$ -	\$ (750,455)
Total	<u>\$ 750,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(750,455)
General revenue:					
Property taxes					863,523
State-shared revenue and grants					89,296
Interest					3,585
Other miscellaneous income					<u>14,988</u>
Total general revenue					<u>971,392</u>
Change in Net Position					220,937
Net Position - Beginning of year					<u>2,822,273</u>
Net Position - End of year					<u>\$ 3,043,210</u>

June 30, 2020

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Brighton, Michigan (the "City") is governed by an elected seven-member council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit - Downtown Development Authority

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of 13 individuals, is selected by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The DDA does not issue its own financial statements.

Accounting and Reporting Principles

The City of Brighton, Michigan follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, certain property taxes and special assessments will be collected after the period of availability; receivables have been recorded for these, along with deferred inflows of resources.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major Streets Fund is used to account for the resources of state gas and weight tax revenue that is restricted for use on major streets. The funds are operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.
- The Local Streets Fund is used to account for the resources of state gas and weight tax revenue that is restricted for use on local streets. The funds are operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.
- The Street Millage Fund is used to account for the resources of property tax revenue that will fund projects in the Major and Local Streets funds.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The City reports the following fund as a major enterprise fund:

- The Utilities Fund accounts for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The agency fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The fund accounts primarily for tax collections received and remitted to other units of government.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Roads and sidewalks	15-20
Water and sewer transmission lines	40-50
Retention/Equalization basin	40-50
Building/Treatment facilities	40-50
Building and building improvements	40-50
Furniture and equipment	3-15
Equipment and other	3-15
Other tools and equipment	3-7

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The Major Streets Fund, Capital Improvement Fund, Utilities Fund, and debt service funds are generally used to liquidate long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred charge on bond refunding	✓	
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	✓

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the City is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for streets and law enforcement. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City has by resolution authorized the city manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. The property taxes become a lien on July 1 and are due on August 15 with the final collection date of February 28. Interest and penalties are assessed on collections received after August 15. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The City's 2019 property tax revenue was levied and collectible on July 1, 2019 and is recognized as revenue in the year ended June 30, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the City totaled \$471.4 million (a portion of which is captured by the DDA), on which taxes levied consisted of 15.2627 mills for operating purposes, 2.5 mills for streets, 0.3797 mills for public safety, and 0.1065 mills for economic development, as allowed by PA 359 of 1925. This resulted in approximately \$7.2 million for operating purposes (a portion of which is captured by the DDA), approximately \$176,000 for public safety, approximately \$50,000 for economic development, and approximately \$1.2 million for roads. These amounts (less what is captured in the DDA) are recognized in the respective General, Public Safety/Law Enforcement, and Street Millage fund financial statements as tax revenue (net of delinquent taxes and other fees).

Pension

The City offers a defined benefit pension plan to eligible employees and retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to eligible retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position has been determined on the same basis as it is reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when earned. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Utilities Fund, primarily) are used to liquidate the obligations.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Utilities Fund is charges to customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

June 30, 2020

Note 2 - Stewardship, Compliance, and Accountability**Construction Code Fees**

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2019		\$	(1,415,454)
Current year permit revenue			191,880
Related expenses:			
Direct costs	\$	205,358	
Estimated indirect costs		15,402	220,760
Current year shortfall			(28,880)
Cumulative shortfall June 30, 2020		\$	<u>(1,444,334)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated 11 banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above.

The City's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$3,055,429 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit and checking and savings accounts) insured at year end was \$6,247,840. Included in these amounts are bank deposits (certificates of deposit and checking and savings accounts) for the component unit, as the City utilizes pooled cash accounts, and each fund shares a proportionate share of the collateralized and insured amounts of total account balance. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

June 30, 2020

Note 4 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The City has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020
Assets - Investments measured at NAV - Michigan CLASS Investment Pool	\$ 2,599,966

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities That Calculate Net Asset Value per Share

The City holds shares in investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

As of June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 2,599,966	\$ -	N/A	None

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

June 30, 2020

Note 5 - Capital Assets

Capital asset activity of the City was as follows:

Governmental Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 13,530,821	\$ -	\$ -	\$ -	\$ 13,530,821
Construction in progress	88,399	(46,560)	1,177,044	-	1,218,883
Subtotal	13,619,220	(46,560)	1,177,044	-	14,749,704
Capital assets being depreciated:					
Roads and sidewalks	32,483,535	46,560	547,271	(21,680)	33,055,686
Building and building improvements	7,028,610	-	121,689	(17,500)	7,132,799
Machinery and equipment	3,953,225	-	238,053	(179,205)	4,012,073
Subtotal	43,465,370	46,560	907,013	(218,385)	44,200,558
Accumulated depreciation:					
Roads and sidewalks	23,463,585	-	1,224,287	(17,665)	24,670,207
Building and building improvements	3,728,173	-	181,214	(17,500)	3,891,887
Machinery and equipment	2,647,253	-	262,026	(159,332)	2,749,947
Subtotal	29,839,011	-	1,667,527	(194,497)	31,312,041
Net capital assets being depreciated	13,626,359	46,560	(760,514)	(23,888)	12,888,517
Net governmental activities capital assets	<u>\$ 27,245,579</u>	<u>\$ -</u>	<u>\$ 416,530</u>	<u>\$ (23,888)</u>	<u>\$ 27,638,221</u>

June 30, 2020

Note 5 - Capital Assets (Continued)***Business-type Activities***

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 157,362	\$ -	\$ -	\$ -	\$ 157,362
Construction in progress	315,170	(282,297)	54,017	-	86,890
Subtotal	472,532	(282,297)	54,017	-	244,252
Capital assets being depreciated:					
Water and sewer transmission lines	29,083,844	282,297	846,341	-	30,212,482
Retention/Equalization basin	3,937,587	-	118,400	-	4,055,987
Building and building improvements	31,086,089	-	49,042	-	31,135,131
Machinery and equipment	1,330,530	-	76,109	(79,780)	1,326,859
Subtotal	65,438,050	282,297	1,089,892	(79,780)	66,730,459
Accumulated depreciation:					
Water and sewer transmission lines	14,537,023	-	687,998	-	15,225,021
Retention/Equalization basin	1,573,712	-	108,079	-	1,681,791
Building and building improvements	18,818,943	-	790,907	-	19,609,850
Machinery and equipment	1,180,939	-	59,062	(79,780)	1,160,221
Subtotal	36,110,617	-	1,646,046	(79,780)	37,676,883
Net capital assets being depreciated	29,327,433	282,297	(556,154)	-	29,053,576
Net business-type activities capital assets	<u>\$ 29,799,965</u>	<u>\$ -</u>	<u>\$ (502,137)</u>	<u>\$ -</u>	<u>\$ 29,297,828</u>

June 30, 2020

Note 5 - Capital Assets (Continued)

Component Unit

	Balance July 1, 2019	Reclassifications	Additions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 2,043,198	\$ -	\$ -	\$ 2,043,198
Construction in progress	23,138	-	61,537	84,675
Subtotal	2,066,336	-	61,537	2,127,873
Capital assets being depreciated:				
Building and land improvements	6,598,098	-	-	6,598,098
Equipment and other	1,665,559	-	-	1,665,559
Subtotal	8,263,657	-	-	8,263,657
Accumulated depreciation:				
Building and building improvements	3,707,146	-	265,306	3,972,452
Equipment and other	1,491,880	-	37,169	1,529,049
Subtotal	5,199,026	-	302,475	5,501,501
Net capital assets being depreciated	3,064,631	-	(302,475)	2,762,156
Net component unit capital assets	<u>\$ 5,130,967</u>	<u>\$ -</u>	<u>\$ (240,938)</u>	<u>\$ 4,890,029</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 23,198
Public safety	147,697
Public works	1,494,047
Economic development	2,585
Total governmental activities	<u>\$ 1,667,527</u>
Business-type activities - Water and sewer	<u>\$ 1,646,046</u>
Component unit activities - Downtown Development Authority	<u>\$ 302,475</u>

June 30, 2020

Note 5 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end. At year end, the City's commitments with contractors for projects are as follows:

	Spent to Date	Remaining Commitment
Lee Road	\$ -	\$ 57,050
Alpine, 3rd, Fairway Trails	999,039	188,836
Total	<u>\$ 999,039</u>	<u>\$ 245,886</u>

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 318,759
	Street Debt Fund	356,000
	Major Streets Fund	106,819
	Local Streets Fund	55,841
	Capital Reserve Fund	<u>1,713,000</u>
	Total General Fund	2,550,419
Major Streets Fund	Local Streets Fund	16,310
Street Millage Fund	Local Streets Fund	1,064,480
Capital Improvement Fund	Major Streets Fund	12,000
Capital Reserve Fund	Major Streets Fund	602,874
	Local Streets Fund	230,000
	Capital Improvement Fund	<u>384,193</u>
	Total Capital Reserve Fund	<u>1,217,067</u>
	Total	<u>\$ 4,860,276</u>

The transfers from the General Fund to the Capital Improvement Fund, Street Debt Fund, Major Streets Fund, Local Streets Fund, and the Capital Reserve Fund, as well as transfers from the Major Streets Fund to the Local Streets Fund; Street Millage Fund to the Local Streets Fund; Capital Improvement Fund to the Major Streets Fund; and Capital Reserve Fund to the Major Streets Fund, Local Streets Fund, and Capital Improvement Fund represent the use of resources to finance those programs.

June 30, 2020

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Installment purchase agreements	\$ 308,066	\$ -	\$ (95,492)	\$ 212,574	\$ 97,139
Other debt:					
General obligation	3,936,700	-	(472,050)	3,464,650	441,200
Special assessment bonds	675,000	-	(215,000)	460,000	215,000
Total other debt principal outstanding	4,611,700	-	(687,050)	3,924,650	656,200
Unamortized bond premiums	182,479	-	(22,810)	159,669	22,810
Total bonds and contracts payable	5,102,245	-	(805,352)	4,296,893	776,149
Compensated absences	650,351	291,647	(317,805)	624,193	343,306
Total governmental activities long-term debt	<u>\$ 5,752,596</u>	<u>\$ 291,647</u>	<u>\$ (1,123,157)</u>	<u>\$ 4,921,086</u>	<u>\$ 1,119,455</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
Drinking Water Revolving Funds	\$ 439,294	\$ -	\$ (85,000)	\$ 354,294	\$ 85,000
Installment purchase agreements	106,110	-	(35,370)	70,740	35,370
Total direct borrowings and direct placements principal outstanding	545,404	-	(120,370)	425,034	120,370
Other debt - General obligation	2,828,300	-	(887,950)	1,940,350	913,800
Unamortized bond premiums	52,156	-	(21,865)	30,291	21,865
Total bonds and contracts payable	3,425,860	-	(1,030,185)	2,395,675	1,056,035
Compensated absences	100,330	92,951	(65,016)	128,265	51,306
Total business-type activities long-term debt	<u>\$ 3,526,190</u>	<u>\$ 92,951</u>	<u>\$ (1,095,201)</u>	<u>\$ 2,523,940</u>	<u>\$ 1,107,341</u>

June 30, 2020

Note 7 - Long-term Debt (Continued)**Component Unit**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Land contracts	\$ 314,100	\$ -	\$ -	\$ 314,100	\$ -
Other debt - General obligation	2,275,000	-	(230,000)	2,045,000	235,000
Total component unit long-term debt	<u>\$ 2,589,100</u>	<u>\$ -</u>	<u>\$ (230,000)</u>	<u>\$ 2,359,100</u>	<u>\$ 235,000</u>

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the City and are secured by the underlying capital assets. The outstanding DDA land contract is secured by the underlying land. The remaining outstanding bonded debt is subject to various payment acceleration terms in the event the City is delinquent in payments or unable to make required payments. General obligations outstanding at June 30, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Limited Tax Refunding Bonds	2013	3.00%	October 2026	\$ 2,476,400
Installment Loan - Equipment	2017	1.70%	August 2022	212,574
2017 CIP and Refunding Bonds	2017	2.22%	October 2031	988,250
Total governmental activities				<u>\$ 3,677,224</u>
Business-type Activities				
Limited Tax Capital Improvement Bonds	2010	5.00% - 5.75%	October 2030	\$ 460,000
Limited Tax Refunding Bonds	2013	3.00%	October 2026	168,600
2013 County Refunding Bonds - Limited Tax	2013	1.25%	September 2021	90,000
2012 Michigan Municipal Bond Authority - Wastewater, Plant Expansion Refunding Bonds	2012	3.00%	November 2020	735,000
2004 Drinking Water Revolving Funds	2004	2.125%	October 2023	354,294
Installment Loan - Equipment	N/A	2.50%	December 2022	70,740
2017 Refunding Bonds	2017	2.22%	October 2031	486,750
Total business-type activities				<u>\$ 2,365,384</u>
Component Unit				
Downtown Development Authority Land Contract Payable	2015	6.00%	April 2025	\$ 314,100
2017 CIP Bonds	2017	2.22%	October 2027	2,045,000
Total component unit				<u>\$ 2,359,100</u>

June 30, 2020

Note 7 - Long-term Debt (Continued)

Special Assessment Bonds

Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received.

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Limited Tax, Challis Road and Cross Street Improvements	2002	4.875% - 5.00%	October 2021	\$ 400,000
Limited Tax, Orndorf Drive Road Improvements	2009	5.50%	October 2023	60,000
Total governmental activities				<u>\$ 460,000</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities and business-type activities will be liquidated primarily by the General Fund and Utilities Fund, respectively.

June 30, 2020

Note 7 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 97,139	\$ 2,862	\$ 656,200	\$ 107,663	\$ 863,864
2022	98,804	1,198	678,700	83,964	862,666
2023	16,631	36	444,200	65,321	526,188
2024	-	-	458,350	51,969	510,319
2025	-	-	480,050	38,255	518,305
2026-2030	-	-	1,022,900	58,903	1,081,803
Thereafter	-	-	184,250	4,053	188,303
Total	<u>\$ 212,574</u>	<u>\$ 4,096</u>	<u>\$ 3,924,650</u>	<u>\$ 410,128</u>	<u>\$ 4,551,448</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 120,370	\$ 8,394	\$ 913,800	\$ 51,021	\$ 1,093,585
2022	125,369	5,651	91,300	36,415	258,735
2023	90,000	2,854	100,800	33,117	226,771
2024	89,295	949	101,650	29,517	221,411
2025	-	-	99,950	25,863	125,813
2026-2030	-	-	492,100	72,629	564,729
Thereafter	-	-	140,750	3,434	144,184
Total	<u>\$ 425,034</u>	<u>\$ 17,848</u>	<u>\$ 1,940,350</u>	<u>\$ 251,996</u>	<u>\$ 2,635,228</u>

Years Ending June 30	Component Unit Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ -	\$ 18,846	\$ 235,000	\$ 42,791	\$ 296,637
2022	-	18,846	240,000	37,518	296,364
2023	-	18,846	245,000	32,135	295,981
2024	-	18,846	255,000	26,585	300,431
2025	314,100	15,705	260,000	20,868	610,673
2026-2030	-	-	810,000	27,195	837,195
Thereafter	-	-	-	-	-
Total	<u>\$ 314,100</u>	<u>\$ 91,089</u>	<u>\$ 2,045,000</u>	<u>\$ 187,092</u>	<u>\$ 2,637,281</u>

June 30, 2020

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for health and disability claims and participates in the Michigan Municipal League risk pool for claims relating to general liability, property, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 9 - Pension Plans

Plan Description

The City of Brighton, Michigan participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers all eligible full-time employees of the City. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Employees not eligible for the MERS pension plan are enrolled in a defined contribution 401A plan through Nationwide. For all employee groups in the plan, vesting begins at 20 percent for year 1, increased by 20 percent per year until fully vested at year 5. Nonunion employees hired on or after July 1, 2019 shall receive city contributions to their plan based upon their employment classification, no supervisory staff will receive 10 percent of their wages, supervisors will receive 12 percent of their wages, and directors will receive 14 percent of their wages. DPW Local 214 and clerical employees hired on or after July 1, 2019 shall receive city contributions to their plan equal to 10 percent of their wages. Vesting in the plan begins at 20 percent for year 1, increased by 20 percent per year until fully vested at year 5.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers eligible full-time employees at the City, which includes all police officers regardless of hire date and all other employees hired prior to July 1, 2019, with the exception of the city manager.

Retirement benefits for general nonunion administrative employees hired before July 1, 2014 reflect bridged benefits from a 2.25 percent multiplier with a frozen final average compensation to a 2.02 percent multiplier effective July 1, 2019. Normal retirement age is 60 with an early retirement option with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Current and future retirees are eligible for a cost of living adjustment of 2.50 percent annually, noncompounding.

June 30, 2020

Note 9 - Pension Plans (Continued)

Retirement benefits for general nonunion administrative (closed to new hires as of July 1, 2019) employees (hired after July 1, 2014) reflect bridged benefits from a 2.25 percent multiplier with a frozen final average compensation to a 2.02 percent multiplier effective July 1, 2019. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for police/fire (closed to new hires as of November 21, 2019) employees reflect bridged benefits from a 2.50 percent multiplier with a frozen final average compensation to a 2.35 percent multiplier effective November 21, 2019. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for police/fire hired on or after November 21, 2019 employees are enrolled in a hybrid pension plan with a 1.50 percent multiplier coupled with a defined contribution of 3.5 percent of wages for the first 5 years of employment, 4.0 percent for years 6 to 10 and 5.0 percent beginning in year 11. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for the police chief division reflect bridged benefits from a 2.50 percent multiplier with a frozen final average compensation to a 2.25 percent multiplier effective March 31, 2017. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced), or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for DPW Local 214 (closed to new hires) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 20 years of service (unreduced) and 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Note 9 - Pension Plans (Continued)

Retirement benefits for DPW Local 214 (closed to new hires as of July 1, 2019) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for clerical union (closed to new hires as of July 1, 2019) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to certain current retirees of all groups except for the general nonunion group hired after July 1, 2014 and the police chief group. The annual adjustments are 2.5 percent, noncompounding.

Benefit terms are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police employees benefit terms may be subject to binding arbitration in certain circumstances.

In 2020, benefit changes were introduced that reduced future earned benefits through a bridged multiplier and/or required increased employee contributions. Additionally, the pension plan was closed to all nonpolice new hires. Police hired on or after November 21, 2019 will be on a new hybrid pension and defined contribution plan. These changes resulted in a significant reduction in the calculation of the total pension liability.

Employees Covered by Benefit Terms

At the December 31, 2019 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	21
Active plan members	41
	<hr/>
Total employees covered by the plan	108
	<hr/>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2020, the average active employee contribution rate was 5.0 percent of annual pay for general nonunion and police divisions and 7.5 percent of annual pay for the DPW and clerical unions. The City's average contribution rate was 33.32 percent of annual payroll for the various employee groups. The City's General Fund and Utilities Fund are used to liquidate pension liabilities.

June 30, 2020

Note 9 - Pension Plans (Continued)***Net Pension Liability***

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2020 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 24,250,478	\$ 14,075,810	\$ 10,174,668
Changes for the year:			
Service cost	363,886	-	363,886
Interest	1,813,052	-	1,813,052
Changes in benefits	(1,187,317)	-	(1,187,317)
Differences between expected and actual experience	279,090	-	279,090
Changes in assumptions	912,617	-	912,617
Contributions - Employer	-	866,361	(866,361)
Contributions - Employee	-	200,241	(200,241)
Net investment income	-	1,913,406	(1,913,406)
Benefit payments, including refunds	(1,326,117)	(1,326,117)	-
Administrative expenses	-	(32,969)	32,969
Net changes	855,211	1,620,922	(765,711)
Balance at December 31, 2019	<u>\$ 25,105,689</u>	<u>\$ 15,696,732</u>	<u>\$ 9,408,957</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of \$545,050, of which \$421,647 is related to governmental activities and \$123,403 is related to business-type activities.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 286,840	\$ (51,224)
Changes in assumptions	608,411	-
Net difference between projected and actual earnings on pension plan investments	46,416	-
Employer contributions to the plan subsequent to the measurement date	452,924	-
Total	<u>\$ 1,394,591</u>	<u>\$ (51,224)</u>

June 30, 2020

Note 9 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (recovery) as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2021	\$ 393,002
2022	463,881
2023	193,370
2024	(159,810)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.0 percent, an investment rate of return of 7.35 percent, and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from 2014-2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent, a decrease from the 8.0 percent discount rate used to measure the prior year total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private equity	20.00	6.56

Note 9 - Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.60 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability of the City	\$ 12,476,490	\$ 9,408,957	\$ 6,836,375

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Other Postemployment Benefit Plan

Plan Description

The City provides retiree health care benefits for all eligible employees, their spouses, and dependents who meet eligibility requirements. The benefits are provided through a single-employer plan. All investments are held in the Municipal Employees' Retirement System of Michigan (MERS) Retiree Health Funding Vehicle. MERS issues a publicly available financial report. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917. Effective July 1, 2017 (and earlier for certain divisions), the plan was closed to new hires.

Benefits Provided

The plan provides health care, vision, and dental benefits for eligible retirees, their spouses, and dependents. Benefits are provided to pre-Medicare retirees and their dependents through the City's third-party insurers. The full cost of the health benefits and 50 percent of dental and medical premiums are covered by the plan. The City purchases Medicare supplemental insurance for eligible retirees who qualify for Medicare.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	34
Active plan members	28
Total plan members	62

June 30, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)**Contributions**

All collective bargaining agreements require the City to pay or contribute toward the premium costs for continuation of health insurance for eligible retirees with 15 or more years of service. With 15 years of service, the City will pay 60 percent of the premium costs for coverage of the retiree. For each year of service in excess of 15 years, the City's contribution shall increase by 4 percent of the total premium, to a maximum contribution by the City of 100 percent at 25 or more years of service. The retiree shall be responsible to pay his or her share of any health insurance premium to the City before the premium is due. The City shall not be responsible or obligated to pay any premium if the retiree has not paid his or her contribution by the date it is due. The City will only pay or contribute toward premium costs for supplemental healthcare coverages for retirees and their spouses who are eligible for Medicare Part B coverage. The City's General Fund and Utilities Fund are used to liquidate retiree health care liabilities.

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2020, the City made payments for postemployment health benefit premiums of \$564,677.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019 and rolled forward to June 30, 2020.

Effective January 1, 2020, all future retirees and all existing retirees, with the exception of retired police, were moved from Blue Cross Blue Shield to Blue Care Network at a significant cost savings. This change resulted in a significant reduction in the OPEB liability over the prior year. Also, there were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date. The single discount rate, base wage inflation, merit and longevity scale, and mortality tables were updated based on the data available at the June 30, 2020 measurement date.

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2019	\$ 15,823,912	\$ 1,965,867	\$ 13,858,045
Changes for the year:			
Service cost	307,327	-	307,327
Interest	1,174,004	-	1,174,004
Differences between expected and actual experience	(6,774,526)	-	(6,774,526)
Changes in assumptions	1,449,105	-	1,449,105
Contributions - Employer	-	637,677	(637,677)
Net investment income	-	42,155	(42,155)
Benefit payments, including refunds	(564,677)	(564,677)	-
Administrative expenses	-	(3,665)	3,665
Net changes	(4,408,767)	111,490	(4,520,257)
Balance at June 30, 2020	\$ 11,415,145	\$ 2,077,357	\$ 9,337,788

The plan's fiduciary net position represents 18.2 percent of the total OPEB liability.

June 30, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, the City recognized OPEB expense of \$172,309.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 242,208	\$ (5,369,829)
Changes in assumptions	2,343,391	-
Net difference between projected and actual earnings on OPEB plan investments	131,409	-
Total	<u>\$ 2,717,008</u>	<u>\$ (5,369,829)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (recovery) expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2021	\$ (1,163,048)
2022	(1,163,048)
2023	(1,046,041)
2024	182,488
2025	160,991
Thereafter	375,837
Total	<u>\$ (2,652,821)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed base wage increases (including inflation) of 3.00 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a health care cost trend rate of 8.25 percent for 2020, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2035 and later years; and the Pub-2010 and MP-2019 mortality tables. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

June 30, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)***Investment Rate of Return***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
MERS EST Market Portfolio	29.00 %	6.70 %
MERS Total Market Portfolio	71.00	7.35

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the plan	\$ 11,244,510	\$ 9,337,788	\$ 7,817,525

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.25 percent, decreasing to 4.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.25% Decreasing to 3.5%)	Current Health Care Cost Trend Rate (8.25% Decreasing to 4.5%)	1 Percentage Point Increase (9.25% Decreasing to 5.5%)
Net OPEB liability of the plan	\$ 7,698,316	\$ 9,337,788	\$ 11,406,026

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued financial report online at www.mersofmichigan.com. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

June 30, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)

Assumption Change

There were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date. The single discount rate, base wage inflation, merit and longevity scale, and mortality tables were updated based on the data available at the December 31, 2019 measurement date.

Note 11 - Tax Abatements

The City receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years.

For the fiscal year ended June 30, 2020, the City abated \$34,369 of taxes under this program. The DDA abated \$24,703 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,498,879	\$ 6,483,879	\$ 6,452,691	\$ (31,188)
State-shared revenue and grants	788,400	833,400	867,319	33,919
Charges for services	767,798	728,458	743,489	15,031
Fines, forfeitures, and penalties	283,530	283,530	299,373	15,843
Licenses and permits	426,850	378,509	403,378	24,869
Unrestricted investment interest	68,000	108,000	115,340	7,340
Other revenue	130,170	164,170	191,582	27,412
Total revenue	8,963,627	8,979,946	9,073,172	93,226
Expenditures				
Current services:				
General government:				
City Council	30,562	30,562	21,363	9,199
City manager	253,834	173,834	162,394	11,440
Information systems	116,393	116,393	114,644	1,749
Finance	670,008	657,167	644,028	13,139
City clerk	139,378	129,378	122,224	7,154
Legal services	208,112	237,312	231,039	6,273
Human resources	121,574	127,574	126,549	1,025
Postemployment benefits	91,844	82,844	78,542	4,302
Public safety	3,118,169	3,173,751	3,166,125	7,626
Public works	2,264,070	2,177,650	2,076,679	100,971
Community and economic development	498,063	411,813	386,193	25,620
Total expenditures	7,512,007	7,318,278	7,129,780	188,498
Excess of Revenue Over Expenditures	1,451,620	1,661,668	1,943,392	281,724
Other Financing (Uses) Sources				
Transfers out	(2,391,139)	(2,579,050)	(2,552,919)	26,131
Sale of capital assets	-	-	3,800	3,800
Total other financing uses	(2,391,139)	(2,579,050)	(2,549,119)	29,931
Net Change in Fund Balance	(939,519)	(917,382)	(605,727)	311,655
Fund Balance - Beginning of year	3,573,752	3,573,752	3,573,752	-
Fund Balance - End of year	<u>\$ 2,634,233</u>	<u>\$ 2,656,370</u>	<u>\$ 2,968,025</u>	<u>\$ 311,655</u>

Required Supplemental Information
Budgetary Comparison Schedule
Major Special Revenue Funds
Major Streets Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 123,967	\$ 123,967	\$ 130,401	\$ 6,434
State-shared revenue and grants	540,000	540,000	567,121	27,121
Licenses and permits	29,000	29,000	33,085	4,085
Unrestricted investment interest	24,262	24,262	25,116	854
Other revenue	-	-	4,219	4,219
Total revenue	717,229	717,229	759,942	42,713
Expenditures - Public works and debt service	1,286,103	1,604,654	1,313,047	291,607
Excess of Expenditures Over Revenue	(568,874)	(887,425)	(553,105)	334,320
Other Financing Sources (Uses)				
Transfers in	550,000	721,693	721,693	-
Transfers out	-	(16,310)	(16,310)	-
Total other financing sources	550,000	705,383	705,383	-
Net Change in Fund Balance	(18,874)	(182,042)	152,278	334,320
Fund Balance - Beginning of year	345,613	345,613	345,613	-
Fund Balance - End of year	<u>\$ 326,739</u>	<u>\$ 163,571</u>	<u>\$ 497,891</u>	<u>\$ 334,320</u>

Required Supplemental Information
Budgetary Comparison Schedule
Major Special Revenue Funds (Continued)
Local Streets Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 195,000	\$ 195,000	\$ 200,213	\$ 5,213
Licenses and permits	2,300	2,300	2,200	(100)
Unrestricted investment interest	90	90	272	182
Total revenue	197,390	197,390	202,685	5,295
Expenditures - Public works	418,166	1,713,030	1,514,271	198,759
Excess of Expenditures Over Revenue	(220,776)	(1,515,640)	(1,311,586)	204,054
Other Financing Sources - Transfers in	230,000	1,472,151	1,366,631	(105,520)
Net Change in Fund Balance	9,224	(43,489)	55,045	98,534
Fund Balance - Beginning of year	72,203	72,203	72,203	-
Fund Balance - End of year	<u><u>\$ 81,427</u></u>	<u><u>\$ 28,714</u></u>	<u><u>\$ 127,248</u></u>	<u><u>\$ 98,534</u></u>

Required Supplemental Information
Budgetary Comparison Schedule
Major Special Revenue Funds (Continued)
Street Millage Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,170,000	\$ 1,170,000	\$ 1,162,217	\$ (7,783)
Fines, forfeitures, and penalties	-	-	3,148	3,148
Unrestricted investment interest	-	-	4,161	4,161
Total revenue	1,170,000	1,170,000	1,169,526	(474)
Expenditures	-	-	-	-
Other Financing Uses - Transfers out	(1,170,000)	(1,170,000)	(1,064,480)	105,520
Net Change in Fund Balance	-	-	105,046	105,046
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,046</u>	<u>\$ 105,046</u>

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Six Fiscal Years (Subsequent to GASB 68 Implementation in FY 2015)					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 363,886	\$ 418,509	\$ 386,140	\$ 407,326	\$ 394,320	\$ 405,232
Interest	1,813,052	1,812,477	1,731,810	1,653,911	1,535,088	1,438,814
Changes in benefit terms	(1,187,317)	-	-	-	(25,056)	-
Differences between expected and actual experience	279,090	160,268	(128,060)	103,238	76,212	-
Changes in assumptions	912,617	-	-	-	926,128	-
Benefit payments, including refunds	(1,326,117)	(1,174,972)	(1,115,268)	(950,236)	(742,672)	(600,570)
Net Change in Total Pension Liability	855,211	1,216,282	874,622	1,214,239	2,164,020	1,243,476
Total Pension Liability - Beginning of year	24,250,478	23,034,196	22,159,574	20,945,335	18,781,315	17,537,839
Total Pension Liability - End of year	\$ 25,105,689	\$ 24,250,478	\$ 23,034,196	\$ 22,159,574	\$ 20,945,335	\$ 18,781,315
Plan Fiduciary Net Position						
Contributions - Employer	\$ 866,361	\$ 801,531	\$ 658,086	\$ 584,909	\$ 583,850	\$ 556,493
Contributions - Employee	200,241	222,588	244,263	180,773	170,541	133,499
Net investment income (loss)	1,913,406	(585,775)	1,761,885	1,390,411	(199,183)	736,585
Administrative expenses	(32,969)	(28,901)	(27,880)	(27,479)	(27,758)	(27,151)
Benefit payments, including refunds	(1,326,117)	(1,174,972)	(1,115,268)	(950,236)	(742,672)	(600,570)
Net Change in Plan Fiduciary Net Position	1,620,922	(765,529)	1,521,086	1,178,378	(215,222)	798,856
Plan Fiduciary Net Position - Beginning of year	14,075,810	14,841,339	13,320,253	12,141,875	12,357,097	11,558,241
Plan Fiduciary Net Position - End of year	\$ 15,696,732	\$ 14,075,810	\$ 14,841,339	\$ 13,320,253	\$ 12,141,875	\$ 12,357,097
City's Net Pension Liability - Ending	\$ 9,408,957	\$ 10,174,668	\$ 8,192,857	\$ 8,839,321	\$ 8,803,460	\$ 6,424,218
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.52 %	58.04 %	64.43 %	60.11 %	57.97 %	65.79 %
Covered Payroll	\$ 3,238,963	\$ 3,777,392	\$ 3,498,942	\$ 3,510,572	\$ 3,533,771	\$ 3,572,072
City's Net Pension Liability as a Percentage of Covered Payroll	290.49 %	269.36 %	234.15 %	251.79 %	249.12 %	179.85 %

Required Supplemental Information
Pension System Schedule of City Contributions

Last Ten Fiscal Years
Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 895,385	\$ 846,398	\$ 743,929	\$ 576,133	\$ 606,733	\$ 731,484	\$ 664,441	\$ 634,445	\$ 588,055	\$ 608,252
Contributions in relation to the actuarially determined contribution	895,385	846,398	743,929	576,133	606,733	731,484	664,441	634,445	588,055	608,252
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,778,150	\$ 4,057,882	\$ 3,698,193	\$ 3,791,017	\$ 3,823,801	\$ 3,572,072	\$ 3,361,410	\$ 3,391,420	\$ 3,248,929	\$ 3,389,919
Contributions as a Percentage of Covered Payroll	32.23 %	20.86 %	20.12 %	15.20 %	15.87 %	20.48 %	19.77 %	18.71 %	18.10 %	17.94 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 18 months prior to the beginning of the fiscal year in which the contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	19 years
Asset valuation method	Five-year smoothed market
Inflation	3-4 percent
Salary increase	3.75 percent average, including inflation
Investment rate of return - Net of administrative expenses	7.6 percent
Retirement age	Varies depending on plan adoption
Mortality	50 percent male - 50 percent female blend of the 2014 Group Annuity Mortality Table
Other information	None

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Three Fiscal Years
(Schedule is Built Prospectively upon Implementation of GASB 75)

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 307,327	\$ 296,248	\$ 261,510
Interest	1,174,004	1,099,010	1,089,519
Differences between expected and actual experience	(6,774,526)	(409,229)	342,988
Changes in assumptions	1,449,105	731,924	965,220
Benefit payments, including refunds	(564,677)	(462,062)	(426,732)
Net Change in Total OPEB Liability	(4,408,767)	1,255,891	2,232,505
Total OPEB Liability - Beginning of year	15,823,912	14,568,021	12,335,516
Total OPEB Liability - End of year	\$ 11,415,145	\$ 15,823,912	\$ 14,568,021
Plan Fiduciary Net Position			
Contributions - Employer	\$ 637,677	\$ 600,878	\$ 520,548
Net investment income	42,155	60,990	122,223
Benefit payments, including refunds	(564,677)	(462,062)	(426,732)
Administrative expenses	(3,665)	(3,744)	(3,931)
Net Change in Plan Fiduciary Net Position	111,490	196,062	212,108
Plan Fiduciary Net Position - Beginning of year	1,965,867	1,769,805	1,557,697
Plan Fiduciary Net Position - End of year	\$ 2,077,357	\$ 1,965,867	\$ 1,769,805
Net OPEB Liability - Ending	\$ 9,337,788	\$ 13,858,045	\$ 12,798,216
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	18.20 %	12.42 %	12.15 %
Covered-employee Payroll	\$ 2,523,452	\$ 2,026,989	\$ 2,253,116
Net OPEB Liability as a Percentage of Covered-employee Payroll	370.04 %	683.68 %	568.02 %

Required Supplemental Information
Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 817,376	\$ 489,407	\$ 351,075	\$ 951,817	\$ 639,057	\$ 738,327	\$ 754,345	\$ 764,433	\$ 762,551	\$ 1,069,544
Contributions in relation to the actuarially determined contribution	637,677	600,878	520,548	423,351	420,174	421,860	368,875	341,702	342,847	379,688
Contribution (Deficiency) Excess	\$ (179,699)	\$ 111,471	\$ 169,473	\$ (528,466)	\$ (218,883)	\$ (316,467)	\$ (385,470)	\$ (422,731)	\$ (419,704)	\$ (689,856)
Covered-employee Payroll	\$ 2,523,452	\$ 2,026,989	\$ 2,253,116	\$ 2,253,116	\$ 3,897,890	\$ 3,897,890	\$ 3,821,461	\$ 3,821,461	\$ 3,495,889	\$ 3,495,889
Contributions as a Percentage of Covered-employee Payroll	25.27 %	29.64 %	23.10 %	18.79 %	10.78 %	10.82 %	9.65 %	8.94 %	9.81 %	10.86 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar (closed)
Remaining amortization period	29 years
Asset valuation method	Market plus receivable contributions
Inflation	2.50 percent
Health care cost trend rates	Non-Medicare (Pre-65): Initial trend of 8.25 percent, gradually decreasing to 4.50 percent in year 16 Medicare (Post-65): Initial trend of 6.50 percent, gradually decreasing to 4.50 percent in year 9
Salary increase	3.00 percent to 9.70 percent, including 3.00 percent wage inflation
Investment rate of return	7.00 percent
Retirement age	60 years
Mortality	Sex-distinct Pub-2010 General Employees & General Healthy Retiree Tables
Other information	N/A

June 30, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. The City's budget is prepared in compliance with the uniform budgeting provisions of Michigan law.

Expenditures are authorized via an annual budget passed by resolution in which the council authorizes the level of funding for city operations. The council adopts an activity-level budget for the General Fund, which is considered the maximum authorization to incur liabilities and not a mandate to spend. The council adopts a fund-level budget for all other governmental funds. No obligation shall be incurred against, and no payment shall be made from, any appropriation account that lacks a sufficient balance available to meet the obligation.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Budgetary Process

The City's annual budget process for the subsequent year begins soon after the audited annual financial report for the prior year is presented to the City Council. After the audit presentation, the City Council holds an annual fall goal-setting retreat, which results in the establishment of the City's goals and objectives for the following year. Soon after the council's annual goal-setting retreat, staff prepare a six-year capital improvement program (CIP), which is reviewed by the planning commission and adopted by the City Council in February. The first year of the adopted six-year CIP is then considered for inclusion in the next year's requested budget document. In January of each year, staff begin developing the operating budget for the next year. In March of each year, the city manager presents to the City Council the manager's recommended budget for the next year. In April and May of each year, the City Council reviews the manager's recommended budget, makes changes at its discretion, holds a public hearing, and ultimately adopts the city budget for the fiscal year, which begins the next July 1. The governmental funds that have legally adopted annual budgets are the General Fund, the Major Streets Fund, the Local Streets Fund, the Street Millage Fund, the Capital Improvement Fund, the Principal Shopping District Fund, the Arts and Cultural Commission Fund, the Street Debt Fund, the Imagination Station Maintenance Fund, the State Drug Law Enforcement Fund, the Federal Drug Law Enforcement Fund, the Capital Reserve Fund, and the Public Safety/Law Enforcement Fund.

In accordance with GASB Statement No. 54, the Imagination Station Maintenance Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are presented within the General Fund for financial reporting purposes, but are not budgeted in that manner.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Other Financing Uses	Change in Fund Balance
Amounts per operating statement	\$ 9,078,281	\$ 7,143,400	\$ (2,546,619)	\$ (611,738)
Transfers to funds merged into the General Fund in accordance with GASB Statement No. 54	2,500	-	(2,500)	-
Imagination Station Maintenance Fund	(2,573)	(4,582)	-	2,009
Principal Shopping District Fund	(4)	(2,541)	-	2,537
Arts and Cultural Commission Fund	(5,032)	(6,497)	-	1,465
Amounts per budget statement	<u>\$ 9,073,172</u>	<u>\$ 7,129,780</u>	<u>\$ (2,549,119)</u>	<u>\$ (605,727)</u>

Pension - Changes in Assumptions and Changes in Benefit Terms

In 2020, the discount rate rate in the pension valuation was decreased from 8.0 percent to 7.6 percent. In 2016, the discount rate rate in the pension valuation was decreased from 8.25 percent to 8.0 percent.

June 30, 2020

In 2020, benefit changes were introduced that reduced future earned benefits through a bridged multiplier and/or required increased employee contributions. Additionally, the pension plan was closed to all nonpolice new hires. Police hired on or after November 21, 2019 will be on a new hybrid pension and defined contribution plan. These changes resulted in a significant reduction in the calculation of the total pension liability.

OPEB - Changes in Assumptions and Experience Differences

There were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date. The single discount rate, base wage inflation, merit and longevity scale, and mortality tables were updated based on the data available at the June 30, 2020 measurement date. In 2019, there were certain changes of assumptions that affected the measurement of the total OPEB liability. The estimated annual per capita claims costs, health care cost trend rate assumptions, and discount rate were updated based on the data available at the June 30, 2019 measurement date. In 2018, there were certain changes of assumptions that affected the measurement of the total OPEB liability. The estimated annual per capita claims costs and health care cost trend rate assumptions were updated based on the data available at the June 30, 2018 measurement date.

Effective January 1, 2020, all existing and future retirees, with the exception of retired police officers, were moved to a different insurance carrier, resulting in significant cost savings. Also, the federal Cadillac tax, a provision from the Affordable Care Act, was removed from the most recent valuation given recent changes in the law.

Other Supplemental Information

City of Brighton, Michigan

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund
	State Drug Law Enforcement Fund	Public Safety/Law Enforcement Fund	Federal Drug Law Enforcement Fund	Street Debt Fund
Assets				
Cash and investments	\$ 4,184	\$ 273,500	\$ 70,965	\$ -
Receivables:				
Delinquent taxes	-	790	-	-
Other receivables	-	38	-	-
Prepays	-	1,116	-	-
Total assets	<u>\$ 4,184</u>	<u>\$ 275,444</u>	<u>\$ 70,965</u>	<u>\$ -</u>
Liabilities - Accounts payable	\$ -	\$ 4,526	\$ -	\$ -
Deferred Inflows of Resources - Unavailable revenue - Property taxes	-	790	-	-
Fund Balances				
Nonspendable - Prepays	-	1,116	-	-
Restricted:				
Federal/State drug law enforcement	4,184	-	70,965	-
Law enforcement/Public safety	-	269,012	-	-
Assigned	-	-	-	-
Total fund balances	<u>4,184</u>	<u>270,128</u>	<u>70,965</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,184</u>	<u>\$ 275,444</u>	<u>\$ 70,965</u>	<u>\$ -</u>

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Nonmajor Capital Project Funds		Total Nonmajor Governmental Funds
Capital Improvement Fund	Capital Reserve Fund	
\$ 53,351	\$ 497,590	\$ 899,590
-	-	790
-	-	38
-	-	1,116
\$ 53,351	\$ 497,590	\$ 901,534
\$ 53,351	\$ -	\$ 57,877
-	-	790
-	-	1,116
-	-	75,149
-	-	269,012
-	497,590	497,590
-	497,590	842,867
\$ 53,351	\$ 497,590	\$ 901,534

City of Brighton, Michigan

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund
	State Drug Law Enforcement Fund	Public Safety/Law Enforcement Fund	Federal Drug Law Enforcement Fund	Street Debt Fund
Revenue				
Property taxes	\$ -	\$ 176,479	\$ -	\$ -
State-shared revenue and grants - State sources	-	4,268	-	-
Fines, forfeitures, and penalties	-	492	-	-
Licenses and permits	-	-	-	-
Unrestricted investment interest	30	1,207	453	-
Total revenue	30	182,446	453	-
Expenditures				
Current services - Public safety	1,576	3,373	2,244	-
Capital outlay	-	48,769	25,089	-
Debt service	-	-	-	356,000
Total expenditures	1,576	52,142	27,333	356,000
Excess of Revenue (Under) Over Expenditures	(1,546)	130,304	(26,880)	(356,000)
Other Financing Sources (Uses)				
Transfers in	-	-	-	356,000
Transfers out	-	-	-	-
Sale of capital assets	-	5,314	-	-
Total other financing sources	-	5,314	-	356,000
Net Change in Fund Balances	(1,546)	135,618	(26,880)	-
Fund Balances - Beginning of year	5,730	134,510	97,845	-
Fund Balances - End of year	<u>\$ 4,184</u>	<u>\$ 270,128</u>	<u>\$ 70,965</u>	<u>\$ -</u>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2020

Nonmajor Capital Project Funds		Total Nonmajor Governmental Funds
Capital Improvement Fund	Capital Reserve Fund	
\$ -	\$ -	\$ 176,479
-	-	4,268
-	-	492
1,500	-	1,500
-	1,657	3,347
1,500	1,657	186,086
-	-	7,193
398,690	-	472,548
318,757	-	674,757
717,447	-	1,154,498
(715,947)	1,657	(968,412)
702,952	1,713,000	2,771,952
(12,000)	1,217,067	(1,229,067)
22,995	-	28,309
713,947	495,933	1,571,194
(2,000)	497,590	602,782
2,000	-	240,085
\$ -	\$ 497,590	\$ 842,867

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds State Drug Law Enforcement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ -	\$ -	\$ 30	\$ 30
Expenditures				
Current services - Public safety	2,500	2,500	1,576	924
Capital outlay	2,000	2,000	-	2,000
Total expenditures	4,500	4,500	1,576	2,924
Net Change in Fund Balance	(4,500)	(4,500)	(1,546)	2,954
Fund Balance - Beginning of year	5,730	5,730	5,730	-
Fund Balance - End of year	<u>\$ 1,230</u>	<u>\$ 1,230</u>	<u>\$ 4,184</u>	<u>\$ 2,954</u>

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Public Safety/Law Enforcement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 179,163	\$ 179,163	\$ 176,479	\$ (2,684)
State-shared revenue and grants	3,465	3,465	4,268	803
Fines, forfeitures, and penalties	-	-	492	492
Unrestricted investment interest	500	500	1,207	707
Total revenue	183,128	183,128	182,446	(682)
Expenditures				
Current services - Public safety	4,500	4,500	3,373	1,127
Capital outlay	126,250	144,193	48,769	95,424
Total expenditures	130,750	148,693	52,142	96,551
Excess of Revenue Over Expenditures	52,378	34,435	130,304	95,869
Other Financing Sources - Sale of capital assets	-	-	5,314	5,314
Net Change in Fund Balance	52,378	34,435	135,618	101,183
Fund Balance - Beginning of year	134,510	134,510	134,510	-
Fund Balance - End of year	<u>\$ 186,888</u>	<u>\$ 168,945</u>	<u>\$ 270,128</u>	<u>\$ 101,183</u>

City of Brighton, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Federal Drug Law Enforcement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ 300	\$ 300	\$ 453	\$ 153
Expenditures				
Current services - Public safety	2,000	2,250	2,244	6
Capital outlay	51,500	51,250	25,089	26,161
Total expenditures	53,500	53,500	27,333	26,167
Net Change in Fund Balance	(53,200)	(53,200)	(26,880)	26,320
Fund Balance - Beginning of year	97,845	97,845	97,845	-
Fund Balance - End of year	<u><u>\$ 44,645</u></u>	<u><u>\$ 44,645</u></u>	<u><u>\$ 70,965</u></u>	<u><u>\$ 26,320</u></u>

City of Brighton, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Street Debt Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service	356,880	356,880	356,000	880
Excess of Expenditures Over Revenue	(356,880)	(356,880)	(356,000)	880
Other Financing Sources - Transfers in	356,880	356,880	356,000	(880)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brighton, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Capital Improvement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Expenditures				
Capital outlay	470,110	483,361	398,690	84,671
Debt service	318,759	318,759	318,757	2
Total expenditures	788,869	802,120	717,447	84,673
Excess of Expenditures Over Revenue	(787,369)	(800,620)	(715,947)	84,673
Other Financing Sources (Uses)				
Transfers in	768,759	794,010	702,952	(91,058)
Transfers out	-	(12,000)	(12,000)	-
Sale of capital assets	21,000	21,000	22,995	1,995
Total other financing sources	789,759	803,010	713,947	(89,063)
Net Change in Fund Balance	2,390	2,390	(2,000)	(4,390)
Fund Balance - Beginning of year	2,000	2,000	2,000	-
Fund Balance - End of year	<u>\$ 4,390</u>	<u>\$ 4,390</u>	<u>\$ -</u>	<u>\$ (4,390)</u>

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Capital Reserve Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ -	\$ -	\$ 1,657	\$ 1,657
Expenditures - Current services	-	-	-	-
Excess of Revenue Over Expenditures	-	-	1,657	1,657
Other Financing Sources (Uses)				
Transfers in	1,713,000	1,713,000	1,713,000	-
Transfers out	(1,230,000)	(1,282,874)	(1,217,067)	65,807
Total other financing sources	483,000	430,126	495,933	65,807
Net Change in Fund Balance	483,000	430,126	497,590	67,464
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ 483,000</u>	<u>\$ 430,126</u>	<u>\$ 497,590</u>	<u>\$ 67,464</u>

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Principal Shopping District Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Interest	\$ -	\$ -	\$ 4	\$ 4
Expenditures - Current services	2,500	2,550	2,541	9
Net Change in Fund Balance	(2,500)	(2,550)	(2,537)	13
Fund Balance - Beginning of year	3,173	3,173	3,173	-
Fund Balance - End of year	<u><u>\$ 673</u></u>	<u><u>\$ 623</u></u>	<u><u>\$ 636</u></u>	<u><u>\$ 13</u></u>

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Arts and Cultural Commission Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Unrestricted investment interest	-	-	32	32
Other revenue	5,000	5,000	5,000	-
Total revenue	6,000	6,000	5,032	(968)
Expenditures - Current services	6,375	8,125	6,497	1,628
Net Change in Fund Balance	(375)	(2,125)	(1,465)	660
Fund Balance - Beginning of year	13,245	13,245	13,245	-
Fund Balance - End of year	<u><u>\$ 12,870</u></u>	<u><u>\$ 11,120</u></u>	<u><u>\$ 11,780</u></u>	<u><u>\$ 660</u></u>

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Imagination Station Maintenance Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Interest	\$ 100	\$ 100	\$ 73	\$ (27)
Expenditures - Current services	5,250	5,250	4,582	668
Excess of Expenditures Over Revenue	(5,150)	(5,150)	(4,509)	641
Other Financing Sources - Transfers out	2,500	2,500	2,500	-
Net Change in Fund Balance	(2,650)	(2,650)	(2,009)	641
Fund Balance - Beginning of year	31,125	31,125	31,125	-
Fund Balance - End of year	<u><u>\$ 28,475</u></u>	<u><u>\$ 28,475</u></u>	<u><u>\$ 29,116</u></u>	<u><u>\$ 641</u></u>

City of Brighton, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Funds

	Year Ended June 30, 2020			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets - Cash and investments	\$ 59	\$ 15,990,634	\$ (15,987,021)	\$ 3,672
Liabilities	\$ 59	\$ 14,805,153	\$ (14,801,540)	\$ 3,672

**Other Supplemental Information
Balance Sheet/Statement of Net Position
Downtown Development Authority**

June 30, 2020

	Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 514,061	\$ -	\$ 514,061
Receivables	19,266	-	19,266
Prepays	7,331	-	7,331
Capital assets - Net	-	4,890,029	4,890,029
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 540,658</u>	4,890,029	5,430,687
Liabilities			
Accounts payable	\$ 5,459	-	5,459
Accrued liabilities and other	22,918	-	22,918
Long-term debt	-	2,359,100	2,359,100
	<u> </u>	<u> </u>	<u> </u>
Fund Balance - Unassigned	512,281	(512,281)	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 540,658</u>		
Net Position			
Net investment in capital assets		2,530,929	2,530,929
Unrestricted		512,281	512,281
		<u> </u>	<u> </u>
Total net position		<u>\$ 3,043,210</u>	<u>\$ 3,043,210</u>

Other Supplemental Information
Statement of Revenue, Expenditures, and Changes in Fund Balance/
Statement of Activities
Downtown Development Authority

Year Ended June 30, 2020

	Statement of Revenue, Expenditures, and Changes in Fund Balance	Adjustments	Statement of Activities
Revenue			
Property taxes	\$ 863,523	\$ -	\$ 863,523
State-shared revenue and grants	89,296	-	89,296
Unrestricted investment interest	3,585	-	3,585
Other revenue	14,988	-	14,988
Total revenue	971,392	-	971,392
Expenditures			
Community development	382,458	302,475	684,933
Capital outlay	61,537	(61,537)	-
Debt service:			
Principal	230,000	(230,000)	-
Interest and fiscal charges	65,522	-	65,522
Total expenditures	739,517	10,938	750,455
Net Change in Fund Balance/Net Position	231,875	(10,938)	220,937
Fund Balance/Net Position - Beginning of year	280,406	2,541,867	2,822,273
Fund Balance/Net Position - End of year	\$ 512,281	\$ 2,530,929	\$ 3,043,210

Statistical Section

This part of the City of Brighton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographics and economic information
- Operating information

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Brighton, Michigan

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:				
Net investment in capital assets	\$ 20,780,160	\$ 20,392,406	\$ 19,941,607	\$ 18,878,877
Restricted	2,559,604	2,355,100	2,100,973	1,899,223
Unrestricted	(625,820)	850,367	(1,215,537)	(6,183,721)
Total net position	<u>\$ 22,713,944</u>	<u>\$ 23,597,873</u>	<u>\$ 20,827,043</u>	<u>\$ 14,594,379</u>
Business Type Activities:				
Net investment in capital assets	\$ 26,171,909	\$ 25,351,552	\$ 24,760,603	\$ 24,206,346
Restricted	-	-	-	-
Unrestricted	1,152,318	1,503,663	1,844,621	691,925
Total net position	<u>\$ 27,324,227</u>	<u>\$ 26,855,215</u>	<u>\$ 26,605,224</u>	<u>\$ 24,898,271</u>
Primary government in total:				
Net investment in capital assets	46,952,069	45,743,958	44,702,210	43,085,223
Restricted	2,559,604	663,590	2,100,973	1,899,223
Unrestricted	526,498	2,344,806	629,084	(5,491,796)
Total net position	<u>\$ 50,038,171</u>	<u>\$ 48,752,354</u>	<u>\$ 47,432,267</u>	<u>\$ 39,492,650</u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Net Position by Component

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 18,687,470	\$ 19,363,331	\$ 20,092,730	\$ 19,816,360	\$ 22,365,142	\$ 23,535,409
1,692,565	1,460,894	1,354,762	650,454	1,380,941	1,670,347
(6,611,195)	(7,210,082)	(8,186,118)	(13,347,865)	(14,102,559)	(13,346,641)
<u>\$ 13,768,840</u>	<u>\$ 13,614,143</u>	<u>\$ 13,261,374</u>	<u>\$ 7,118,949</u>	<u>\$ 9,643,524</u>	<u>\$ 11,859,115</u>
\$ 23,922,458	\$ 24,109,024	\$ 24,310,660	\$ 24,417,707	\$ 26,396,276	\$ 26,921,552
-	-	-	-	-	-
969,664	943,480	2,637,611	2,349,241	(529,869)	(779,538)
<u>\$ 24,892,122</u>	<u>\$ 25,052,504</u>	<u>\$ 26,948,271</u>	<u>\$ 26,766,948</u>	<u>\$ 25,866,407</u>	<u>\$ 26,142,014</u>
42,609,928	43,472,355	44,403,390	44,234,067	48,761,418	50,456,961
1,692,565	1,460,894	1,354,762	650,454	1,380,941	1,670,347
(5,641,531)	(6,266,602)	(5,548,507)	(10,998,624)	(14,632,428)	(14,126,179)
<u>\$ 38,660,962</u>	<u>\$ 38,666,647</u>	<u>\$ 40,209,645</u>	<u>\$ 33,885,897</u>	<u>\$ 35,509,931</u>	<u>\$ 38,001,129</u>

City of Brighton, Michigan

	Fiscal Years Ended June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental Activities:				
General government	\$ 2,087,163	\$ 2,168,443	\$ 1,840,373	\$ 1,802,904
Public safety	2,698,518	2,653,575	2,741,069	2,818,030
Public works	3,769,179	3,674,221	3,695,213	3,857,556
Community and economic development	487,858	516,588	578,601	662,880
Interest on long-term debt	493,284	459,547	459,104	323,283
Total governmental activities expenses	9,536,002	9,472,374	9,314,360	9,464,653
Business-type activities - Water and Sewer	4,367,994	4,325,144	4,147,395	4,316,231
Total primary government expenses	13,903,996	13,797,518	13,461,755	13,780,884
Program revenue				
Governmental Activities:				
Charges for services - General government	505,061	496,462	523,116	446,057
Charges for services - Public safety	319,401	299,944	300,142	297,201
Charges for services - Public works	138,847	540,188	545,503	552,101
Charges for services - Community development	-	-	-	-
Operating grants and contributions	402,355	446,248	457,293	475,005
Capital grants and contributions	26,025	500	1,685	28,059
Total governmental activities program revenue	1,391,689	1,783,342	1,827,739	1,798,423
Business-type activities:				
Charges for services	3,361,774	3,607,045	3,509,474	3,401,513
Operating grants and contributions	-	-	-	-
Capital grants and contributions	285,080	245,890	384,097	242,288
Total business-type activities program revenue	3,646,854	3,852,935	3,893,571	3,643,801
Total primary government program revenue	5,038,543	5,636,277	5,721,310	5,442,224
Net (Expenses) Revenue				
Governmental activities	(8,144,313)	(7,689,032)	(7,486,621)	(7,666,230)
Business-type activities	(721,140)	(472,209)	(253,824)	(672,430)
Total primary government net expense	(8,865,453)	(8,161,241)	(7,740,445)	(8,338,660)
General Revenues				
Governmental activities				
Property taxes	6,183,250	5,821,413	5,458,202	5,053,574
Special assessments	-	-	-	-
State-shared revenue	611,656	646,508	613,218	637,657
Investment earnings	153,275	138,431	128,178	112,530
Gain/Loss on disposal of asset	30,676	8,204	4,500	-
Other	286,007	257,671	212,427	301,429
Total governmental activities revenue	7,264,864	6,872,227	6,416,525	6,105,190
Business-type activities - Investment and other income	4,702	3,197	3,833	4,884
Total primary government	7,269,566	6,875,424	6,420,358	6,110,074
Impact of GASB Statement No. 68	-	-	-	(5,711,031)
Impact of GASB Statement No. 75	-	-	-	-
Changes in Net Position	\$ (1,595,887)	\$ (1,285,817)	\$ (1,320,087)	\$ (7,939,617)

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Changes in Governmental Net Position

**Last Ten Fiscal Years
June 30, 2020**

Fiscal Years Ended June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,686,985	\$ 1,861,586	\$ 1,544,770	\$ 1,538,298	\$ 1,615,669	\$ 1,417,681
3,064,464	3,160,650	3,584,155	3,664,694	3,391,391	2,821,394
3,990,950	3,606,873	3,908,915	4,148,675	3,365,745	4,322,832
765,784	743,270	787,550	526,269	599,107	365,224
280,040	253,091	227,747	214,003	161,714	135,416
9,788,223	9,625,470	10,053,137	10,091,939	9,133,626	9,062,547
4,209,829	4,346,161	4,234,750	4,453,286	5,339,867	4,411,979
13,998,052	13,971,631	14,287,887	14,545,225	14,473,493	13,474,526
784,438	394,462	400,802	399,916	415,549	412,331
257,625	173,911	162,053	158,550	190,191	159,007
785,228	598,394	627,675	639,760	671,022	673,930
-	275,466	269,551	422,538	249,641	211,005
494,412	518,838	474,025	759,346	866,819	768,781
79,401	660,611	961,893	-	1,652,096	-
2,401,104	2,621,682	2,895,999	2,380,110	4,045,318	2,225,054
3,309,023	3,443,717	3,662,162	3,682,830	3,806,356	3,996,601
-	160,501	108,183	173,687	63,987	-
887,609	889,892	2,340,484	1,634,200	170,698	671,003
4,196,632	4,494,110	6,110,829	5,490,717	4,041,041	4,667,604
6,597,736	7,115,792	9,006,828	7,870,827	8,086,359	6,892,658
(7,387,119)	(7,003,788)	(7,157,138)	(7,711,829)	(5,088,308)	(6,837,493)
(13,197)	147,949	1,876,079	1,037,431	(1,298,826)	255,625
(7,400,316)	(6,855,839)	(5,281,059)	(6,674,398)	(6,387,134)	(6,581,868)
5,452,696	5,735,336	5,901,323	6,012,882	6,245,376	7,824,077
76,007	-	-	-	-	-
681,895	761,152	666,436	923,521	857,903	870,140
108,836	111,027	88,244	103,630	189,234	148,345
-	-	-	-	65,845	20,068
242,146	241,576	148,366	220,828	254,525	190,454
6,561,580	6,849,091	6,804,369	7,260,861	7,612,883	9,053,084
7,048	12,433	19,688	36,203	398,285	19,982
6,568,628	6,861,524	6,824,057	7,297,064	8,011,168	9,073,066
-	-	-	-	-	-
-	-	-	(6,946,414)	-	-
\$ (831,688)	\$ 5,685	\$ 1,542,998	\$ (6,323,748)	\$ 1,624,034	\$ 2,491,198

City of Brighton, Michigan

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:				
Nonspendable	\$ 327,659	\$ 327,659	\$ 336,244	\$ 364,783
Restricted	2,138	2,138	2,138	2,138
Committed	-	20,000	77,139	77,139
Assigned	6,988	18,746	42,133	47,582
Unassigned	<u>1,320,375</u>	<u>1,537,954</u>	<u>1,477,407</u>	<u>1,171,908</u>
Total general fund	1,657,160	1,906,497	1,935,061	1,663,550
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted/Assigned - Reported in:				
Special revenue funds	401,557	333,793	246,848	212,369
Capital projects funds	1,150	8,827	3	-
Debt service funds	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>402,707</u>	<u>342,620</u>	<u>246,851</u>	<u>212,369</u>
Total of all governmental funds	<u>\$ 2,059,867</u>	<u>\$ 2,249,117</u>	<u>\$ 2,181,912</u>	<u>\$ 1,875,919</u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2020

As of June 30,

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 347,401	\$ 450,008	\$ 506,096	\$ 474,000	\$ 454,053	\$ 421,603
-	-	50	1,148	1,148	1,600
108,089	108,089	108,089	108,089	108,089	-
48,773	79,973	451,415	1,391,579	1,855,776	711,394
<u>1,061,125</u>	<u>1,211,115</u>	<u>1,021,687</u>	<u>1,378,621</u>	<u>1,202,231</u>	<u>1,874,962</u>
1,565,388	1,849,185	2,087,337	3,353,437	3,621,297	3,009,559
-	-	2,202	2,198	2,798	2,818
174,523	126,551	366,895	319,449	653,103	1,072,644
-	-	-	-	-	497,590
-	-	-	-	-	-
-	(17,310)	744	-	2,000	-
<u>174,523</u>	<u>109,241</u>	<u>369,841</u>	<u>321,647</u>	<u>657,901</u>	<u>1,573,052</u>
<u>\$ 1,739,911</u>	<u>\$ 1,958,426</u>	<u>\$ 2,457,178</u>	<u>\$ 3,675,084</u>	<u>\$ 4,279,198</u>	<u>\$ 4,582,611</u>

City of Brighton, Michigan

	Fiscal Year Ended June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenue				
Property taxes	\$ 6,180,688	\$ 5,828,975	\$ 5,449,204	\$ 5,063,849
Special assessment	336,953	166,975	167,182	167,271
State-shared	1,001,651	1,128,580	1,062,821	1,116,018
Federal grants	69,917	7,686	7,690	10,240
Charges for services	171,232	599,823	582,888	583,690
Fines and penalties	319,401	299,944	300,142	297,201
Licenses and permits	387,032	353,208	404,228	331,631
Interest	153,275	138,431	128,178	112,530
Other	375,961	353,011	297,104	398,729
Total revenue	<u>8,996,110</u>	<u>8,876,633</u>	<u>8,399,437</u>	<u>8,081,159</u>
Expenditures				
Current:				
General government	1,976,725	2,057,136	1,729,028	1,754,250
Public safety	2,215,226	2,342,799	2,453,804	2,481,155
Public works - Operating	2,279,711	2,213,801	2,282,250	2,444,233
Community development	468,415	487,279	540,049	634,650
Capital outlay	40,209	173,575	77,302	91,184
Debt service - Principal	1,048,447	1,097,051	962,861	749,111
Debt service - Interest	495,757	451,261	457,859	310,384
Total expenditures	<u>8,524,490</u>	<u>8,822,902</u>	<u>8,503,153</u>	<u>8,464,967</u>
Excess of Revenue (Under) Over Expenditure	471,620	53,731	(103,716)	(383,808)
Other Financing Sources (Uses)				
Sale of capital assets	30,676	8,204	4,500	61,000
Transfers in	1,668,363	1,730,517	1,519,072	1,322,308
Transfers out	(1,668,363)	(1,730,517)	(1,547,922)	(1,322,308)
Issuance of debt - Net	-	127,315	60,861	16,815
Total other financing sources	30,676	135,519	36,511	77,815
Net change in fund balances	502,296	189,250	(67,205)	(305,993)
Fund Balances - Beginning of year	<u>1,557,571</u>	<u>2,059,867</u>	<u>2,249,117</u>	<u>2,181,912</u>
Fund Balances - End of year	<u>\$ 2,059,867</u>	<u>\$ 2,249,117</u>	<u>\$ 2,181,912</u>	<u>\$ 1,875,919</u>
Debt service as a percentage of noncapital expenditures	18.20%	17.90%	16.86%	12.65%

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years
June 30, 2020**

Fiscal Year Ended June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 5,431,020	\$ 5,708,220	\$ 5,880,599	\$ 5,994,111	\$ 6,225,730	\$ 7,791,387
242,952	237,200	196,684	192,184	133,821	130,401
1,158,474	1,338,611	1,245,784	1,634,325	1,687,122	1,638,921
11,258	1,824	15,181	13,762	-	-
668,770	603,077	708,955	732,104	763,532	743,489
277,242	298,127	393,052	306,733	349,904	303,013
610,114	460,886	488,241	629,288	463,223	440,163
108,836	111,027	88,244	103,630	189,234	148,345
334,470	330,469	120,728	193,371	205,138	200,801
<u>8,843,136</u>	<u>9,089,441</u>	<u>9,137,468</u>	<u>9,799,508</u>	<u>10,017,704</u>	<u>11,396,520</u>
1,773,228	1,713,256	1,380,618	1,472,571	1,479,937	1,500,783
2,618,172	2,765,402	2,813,901	2,866,191	2,993,627	3,173,318
2,625,647	2,678,217	2,799,577	2,784,121	2,932,396	4,664,279
737,652	564,041	523,201	162,013	508,400	395,231
207,035	128,998	276,291	879,629	650,970	472,548
736,176	766,106	651,643	740,151	737,050	782,542
282,969	254,906	228,950	224,732	257,045	136,515
<u>8,980,879</u>	<u>8,870,926</u>	<u>8,674,181</u>	<u>9,129,408</u>	<u>9,559,425</u>	<u>11,125,216</u>
(137,743)	218,515	463,287	670,100	458,279	271,304
1,735	-	35,465	48,706	145,835	32,109
1,440,901	941,921	1,139,601	951,238	1,514,031	4,860,276
(1,440,901)	(941,921)	(1,139,601)	(951,238)	(1,514,031)	(4,860,276)
<u>-</u>	<u>-</u>	<u>-</u>	<u>499,100</u>	<u>-</u>	<u>-</u>
1,735	-	35,465	547,806	145,835	32,109
(136,008)	218,515	498,752	1,217,906	604,114	303,413
1,875,919	1,739,911	1,958,426	2,457,178	3,675,084	4,279,198
<u>\$ 1,739,911</u>	<u>\$ 1,958,426</u>	<u>\$ 2,457,178</u>	<u>\$ 3,675,084</u>	<u>\$ 4,279,198</u>	<u>\$ 4,582,611</u>
11.62%	11.68%	10.49%	11.70%	11.16%	8.63%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Brighton, Michigan

Taxable Value by Property Type:

Real Property

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal Property	IFT Real & Personal	Total Taxable Value
2010	2011	203,158,330	157,961,620	23,634,280	32,294,152	18,087,160	435,135,542
2011	2012	194,233,278	152,897,460	19,161,060	31,502,940	14,483,030	412,277,768
2012	2013	190,697,314	148,301,458	16,405,055	36,264,060	9,563,000	401,230,887
2013	2014	191,614,956	139,343,070	16,752,160	35,530,296	11,246,470	394,486,952
2014	2015	199,092,840	140,907,773	17,577,710	32,744,850	10,811,810	401,134,983
2015	2016	208,346,880	143,167,910	17,574,288	42,558,068	6,219,500	417,866,646
2016	2017	216,616,231	141,450,927	18,702,444	35,725,700	13,951,900	426,447,202
2017	2018	226,770,035	143,942,903	19,842,303	28,816,500	7,520,300	426,892,041
2018	2019	236,682,914	150,296,298	21,050,628	30,091,800	6,952,600	445,074,240
2019	2020	250,730,400	160,541,471	23,195,947	30,464,300	6,474,000	471,406,118

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Taxable Value by Property Type and Actual Value

Last Ten Fiscal Years

City Tax Millage	Assessed Value	Estimated Actual Value	Value as a Percentage of Assessed Value	Taxable Value as a Percentage of Actual	City Levy
16.39	469,699,617	939,399,234	93	46%	6,984,758
16.46	434,885,628	869,771,256	95	47%	6,674,434
16.05	420,390,356	840,780,712	95	48%	6,362,497
15.27	411,932,182	823,864,364	96	48%	5,939,271
15.65	433,968,889	867,937,778	92	46%	6,194,710
15.65	466,376,806	932,753,612	90	45%	6,492,356
15.77	514,295,757	1,028,591,514	83	41%	6,615,187
15.77	516,852,068	1,033,704,136	83	41%	6,673,001
15.77	541,731,305	1,083,462,610	82	41%	6,962,454
18.25	589,320,670	1,178,641,340	80	40%	8,543,571

City of Brighton, Michigan

Millage Rates - Direct City Taxes								Overlapping taxes	
		City - Economic							
		City Law		Development		City of			
Tax	Fiscal	City Operating	City Debt	Enforcement /	PA 359 of	Brighton /	Total Direct	Livingston	Brighton
Year	Year			Public Safety	1925	Streets	City Tax Rates		District Library
2010	2011	15.2734	1.1193	-	-	-	16.3927	3.9488	0.8892
2011	2012	15.2734	1.1889	-	-	-	16.4623	3.9543	0.8892
2012	2013	15.2734	0.7753	-	-	-	16.0487	3.9543	0.8892
2013	2014	15.2734	-	-	-	-	15.2734	3.9543	0.8992
2014	2015	15.2734	-	0.3800	-	-	15.6534	3.9543	0.8762
2015	2016	15.2734	-	0.3800	-	-	15.6534	3.9535	0.8892
2016	2017	15.2734	-	0.3800	0.1169	-	15.7703	4.0068	0.8865
2017	2018	15.2734	-	0.3800	0.1171	-	15.7705	3.9776	0.8828
2018	2019	15.2734	-	0.3800	0.1131	-	15.7665	3.9483	0.8783
2019	2020	15.2627	-	0.3797	0.1065	2.5000	18.2489	3.9242	0.8702

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping taxes					Total Tax Rate	
Brighton Area Fire Authority	State Education Tax	Livingston Educational Service Agency	Brighton Area Schools - Homestead	Brighton Area Schools - Non- homestead	Homestead	Non-homestead
1.2500	6.0000	2.3361	5.8000	18.0000	36.6168	54.6168
1.2500	6.0000	2.3361	5.7000	18.0000	36.5919	54.5919
1.2500	6.0000	2.3361	7.1900	18.0000	37.6683	55.6683
1.2500	6.0000	2.3361	7.1900	18.0000	36.9030	54.9030
1.2500	6.0000	2.3361	7.1900	18.0000	37.2600	55.2600
1.2500	6.0000	2.3334	7.1900	18.0000	37.2695	55.2695
1.5000	6.0000	3.3585	7.1900	18.0000	38.7121	56.7121
1.4938	6.0000	3.3351	7.1900	18.0000	38.6498	56.6498
1.4869	6.0000	3.3143	7.1900	18.0000	38.5843	56.5843
2.3733	6.0000	3.2988	7.1900	18.0000	41.9054	59.9054

Principal Property Taxpayers
Current and Nine Years Ago

	Taxpayer	2020 Taxable Value	Percentage of Total	2011 Taxable Value	Percentage of Total	2011 Rank
1	Brighton Holdings LLC	\$ 14,491,563	3.07%	\$ 7,539,370	1.91%	3
2	Brighton Mall Associates LTD	10,782,647	2.29%	9,175,200	2.32%	1
3	Eberspaecher North America**	11,227,928	2.38%	13,500,160	3.41%	2
4	BMH Realty LLC	7,425,680	1.58%	7,488,650	1.89%	4
5	Symphony of Brighton	6,251,600	1.33%	*	*	*
6	Brighton Hotel Suites Inc	5,946,906	1.26%	4,199,620	1.06%	11
7	MJR Group LLC	5,855,868	1.24%	5,212,830	1.32%	9
8	Brookdale Senior Living Inc	4,706,200	1.00%	*	*	*
9	TG Fluid Systems USA Corporation	4,458,098	0.95%	7,132,570	1.80%	5
10	Good Will Company Inc	4,084,846	0.87%	5,717,850	1.45%	8
Total		<u>\$ 471,406,118</u>		<u>\$ 395,550,741</u>		

* Not available

** Eberspaecher North America has a tax abatement and pays a reduced millage rate. Therefore their ranking doesn't follow the taxable value.

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year	Total Tax Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent Collected
2010	2011	6,984,758	6,745,106	96.57%	227,256	6,972,362	99.82%
2011	2012	6,674,434	6,420,880	96.20%	241,823	6,662,703	99.82%
2012	2013	6,362,497	6,159,356	96.81%	183,738	6,343,094	99.70%
2013	2014	5,939,271	5,821,426	98.02%	100,696	5,922,122	99.71%
2014	2015	6,194,710	6,102,481	98.51%	80,093	6,182,574	99.80%
2015	2016	6,492,356	6,399,602	98.57%	81,500	6,481,102	99.83%
2016	2017	6,615,187	6,539,458	98.86%	67,486	6,606,944	99.88%
2017	2018	6,673,001	6,610,547	99.06%	54,505	6,665,052	99.88%
2018	2019	6,962,454	6,897,171	99.06%	57,373	6,954,544	99.89%
2019	2020	8,543,571	8,466,632	99.10%	68,016	8,534,648	99.90%

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

City of Brighton, Michigan

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:				
General obligation bonds	\$ 8,303,450	\$ 7,443,450	\$ 6,766,500	\$ 6,661,279
Installment purchase agreements	52,528	132,792	69,932	45,936
Special assessment bonds	<u>2,320,000</u>	<u>2,130,000</u>	<u>1,945,000</u>	<u>1,735,000</u>
Total	10,675,978	9,706,242	8,781,432	8,442,215
Business Type Activities:				
General obligation bonds	3,039,750	2,827,550	2,643,846	2,445,109
Installment purchase agreements	-	-	-	-
Special assessment bonds	35,000	-	-	-
Revenue bonds	<u>7,374,294</u>	<u>6,928,435</u>	<u>6,257,974</u>	<u>5,582,514</u>
Total	<u>10,449,044</u>	<u>9,755,985</u>	<u>8,901,820</u>	<u>8,027,623</u>
Total debt of the primary government	<u>\$ 21,125,022</u>	<u>\$ 19,462,227</u>	<u>\$ 17,683,252</u>	<u>\$ 16,469,838</u>
Total taxable value	435,135,542	412,277,768	401,230,887	394,486,952
Ratio of total debt to Taxable Value	4.85%	4.72%	4.41%	4.18%
Total Population	7,444	7,442	7,613	7,807
Total debt per capita	2,838	2,615	2,323	2,110
Debt as a Percentage of Personal Income	5.27%	4.86%	4.32%	3.92%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of demographic and economic statistics for personal income data.

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 6,131,669	\$ 5,572,359	\$ 5,111,249	\$ 4,664,039	\$ 4,119,179	\$ 3,624,319
26,560	6,954	3,611	401,960	308,066	212,574
<u>1,525,000</u>	<u>1,315,000</u>	<u>1,105,000</u>	<u>890,000</u>	<u>675,000</u>	<u>460,000</u>
7,683,229	6,894,313	6,219,860	5,955,999	5,102,245	4,296,893
2,182,226	1,921,200	1,731,850	1,586,250	1,393,300	1,205,350
247,586	212,217	176,848	141,479	106,109	70,740
-	-	-	-	-	-
<u>4,873,133</u>	<u>4,166,595</u>	<u>3,485,179</u>	<u>2,703,315</u>	<u>1,926,450</u>	<u>1,119,585</u>
<u>7,302,945</u>	<u>6,300,012</u>	<u>5,393,877</u>	<u>4,431,044</u>	<u>3,425,859</u>	<u>2,395,675</u>
<u>\$ 14,986,174</u>	<u>\$ 13,194,325</u>	<u>\$ 11,613,737</u>	<u>\$ 10,387,043</u>	<u>\$ 8,528,104</u>	<u>\$ 6,692,568</u>
401,134,983	417,866,646	426,447,202	426,892,041	445,074,240	471,406,118
3.74%	3.16%	2.72%	2.43%	1.92%	1.42%
7,684	7,659	7,899	7,626	7,895	7,895
1,950	1,723	1,470	1,362	1,080	848
3.62%	3.20%	2.73%	2.35%	1.86%	1.46%

Ratios of General Bonded Debt Outstanding

											Last Ten Fiscal Years	
Governmental Activities				Business-type Activities								
	Tax Limited											
	General		Total General				Debt as a			Personal	Debt as a	
	Obligation	Tax-Supported	Governmental	Total Business-	Total Primary		Percentage			Income	Percentage	
Fiscal	Bonds	Bonds	Activities	type Activities	Government	Taxable Value	of Taxable	Population	Debt per	(in Thousands)	of Personal	
Year	(LTGO)	(UTGO)	Bonded Debt	Bonded Debt			Value		Capita	(1)	Income	
2011	7,553,450	750,000	8,303,450	3,039,750	11,343,200	435,135,542	2.61%	7,444	1,524	53,814	2.83%	
2012	7,143,450	300,000	7,443,450	2,827,550	10,271,000	412,277,768	2.49%	7,442	1,380	53,814	2.56%	
2013	6,766,500	-	6,766,500	2,643,846	9,410,346	401,230,887	2.35%	7,613	1,236	53,814	2.30%	
2014	6,661,279	-	6,661,279	2,445,109	9,106,388	394,486,952	2.31%	7,807	1,166	53,814	2.17%	
2015	6,131,669	-	6,131,669	2,182,226	8,313,895	401,134,983	2.07%	7,684	1,082	53,814	2.01%	
2016	5,572,359	-	5,572,359	1,921,200	7,493,559	417,866,646	1.79%	7,659	978	53,814	1.82%	
2017	5,111,249	-	5,111,249	1,731,850	6,843,099	426,447,202	1.60%	7,899	866	53,814	1.61%	
2018	4,664,039	-	4,664,039	1,586,250	6,250,289	426,892,041	1.46%	7,626	820	58,041	1.41%	
2019	4,119,179	-	4,119,179	1,393,300	5,512,479	445,074,240	1.24%	7,895	698	58,041	1.20%	
2020	3,624,319	-	3,624,319	1,205,350	4,829,669	471,406,118	1.02%	7,895	612	58,041	1.05%	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: Does not include outstanding debt of the City's component units.

(1) Personal Income is equal to the median household income from SEMCOG and is updated every 5 years

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records and SEMCOG

City of Brighton, Michigan

Direct and Overlapping Governmental Activities Debt

June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Direct and Estimated Overlapping Debt
Brighton Area School District	\$ 143,736,001	18.99%	\$ 27,295,467
Livingston County	25,063,000	4.98%	1,248,137
Livingston Educational Service Agency	1,945,000	5.65%	109,893
Total overlapping debt	170,744,001		28,653,497
Direct net city debt *	4,296,893	100.00%	4,296,893
Total direct and overlapping debt	\$ 175,040,894		\$ 32,950,390

* Business-Type Activities are not included in Direct Net City Debt total

Source: Municipal Advisory Council of Michigan and the
Audited Financial Statements of the City of Brighton

City of Brighton, Michigan

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Calculation of debt limit				
State Equalized Valuation:				
Ad Valorem	\$ 451,592,957	\$ 420,402,598	\$ 410,827,356	\$ 400,685,712
IFT	<u>18,106,660</u>	<u>14,483,030</u>	<u>9,563,000</u>	<u>11,246,470</u>
Total valuation	469,699,617	434,885,628	420,390,356	411,932,182
Debt Limit (10 percent of taxable value)	46,969,962	43,488,563	42,039,036	41,193,218
Calculation of debt subject to limit				
Total debt*	23,665,936	21,628,859	19,417,423	17,697,420
Less debt not subject to limit:				
Special assessment bonds	2,355,000	2,130,000	1,945,000	1,735,000
MTF bonds	110,000	75,000	40,000	-
Revenue bonds	7,374,294	5,969,141	5,368,680	4,763,220
Share of County-issued bonds	<u>1,358,200</u>	<u>959,294</u>	<u>889,294</u>	<u>819,294</u>
Net debt subject to limit	12,468,442	12,495,424	11,174,449	10,379,906
Legal debt margin	<u>\$ 34,501,520</u>	<u>\$ 30,993,139</u>	<u>\$ 30,864,587</u>	<u>\$ 30,813,312</u>
Net debt subject to limit as a percentage of debt limit	26.55%	28.73%	26.58%	25.20%

* Does not include installment loans

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 423,157,079	\$ 460,157,306	\$ 500,343,857	\$ 509,331,768	\$ 534,778,705	\$ 582,846,670
10,811,810	6,219,500	13,951,911	7,520,300	6,952,600	6,474,000
433,968,889	466,376,806	514,295,768	516,852,068	541,731,305	589,320,670
43,396,889	46,637,681	51,429,577	51,685,207	54,173,131	58,932,067
15,694,135	13,926,702	12,274,242	12,251,866	10,703,029	8,768,354
1,525,000	1,315,000	1,105,000	890,000	675,000	460,000
-	-	-	-	-	-
4,123,839	3,492,301	2,864,020	2,179,021	1,487,156	765,291
749,294	674,294	599,294	524,294	439,294	354,294
9,296,002	8,445,107	7,705,928	8,658,551	8,101,579	7,188,769
\$ 34,100,887	\$ 38,192,574	\$ 43,723,649	\$ 43,026,656	\$ 46,071,552	\$ 51,743,298
21.42%	18.11%	14.98%	16.75%	14.95%	12.20%

City of Brighton, Michigan

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage*
				Principal	Interest	
2011	3,651,556	2,315,120	1,336,436	565,000	344,632	426,804
2012	3,856,132	2,304,646	1,551,486	565,000	321,501	664,985
2013	3,897,404	2,295,008	1,602,396	620,000	296,691	685,705
2014	3,648,685	2,497,249	1,151,436	655,000	162,604	333,832
2015	4,203,680	2,492,502	1,711,178	690,000	145,966	875,212
2016	4,346,042	2,643,992	1,702,050	685,000	125,976	891,074
2017	6,022,334	2,534,611	3,487,723	675,000	107,826	2,704,897
2018	5,353,233	2,764,779	2,588,454	760,000	85,363	1,743,091
2019	4,007,332	3,605,819	401,513	755,000	63,338	(416,825)
2020	4,685,567	2,702,831	1,982,736	785,000	40,982	1,156,754

* Shortfalls in revenue coverage have been subsidized by capital contributions from connection fees and general fund contributions

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Pledged Revenue Coverage				
Last Ten Fiscal Years				
Special Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage	
	Principal	Interest		
514,541	225,000	116,294	173,247	
312,179	225,000	106,393	(19,214)	
268,837	185,000	96,481	(12,644)	
257,965	210,000	87,887	(39,922)	
248,049	210,000	78,499	(40,450)	
238,996	210,000	68,899	(39,903)	
171,512	210,000	59,100	(97,588)	
164,659	215,000	49,025	(99,366)	
164,593	215,000	38,725	(89,132)	
153,430	215,000	28,299	(89,869)	

Demographics and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2011	7,444	53,814	35,016	*
2012	7,442	53,814	35,016	*
2013	7,613	53,814	35,016	*
2014	7,807	53,814	35,016	*
2015	7,684	53,814	35,016	*
2016	7,659	53,814	35,016	*
2017	7,899	53,814	35,016	*
2018	7,626	58,041	39,694	*
2019	7,895	58,041	39,694	*
2020	7,895	58,041	39,694	*

* Not available/no longer available

Note: Personal Income is equal to the median household income, updated every 5 years beginning in 2010

Source: Southeast Michigan Council of Governments (SEMCOG), US Census Bureau and 2015 American Community Survey 5-Year Estimates.

City of Brighton, Michigan

Principal Employers

Current and Nine Years Ago

		2020	Percentage	2011	Percentage	
	Taxpayer	Employees	of Total	Employees	of Total	2011 Rank
1	Brighton Area Schools	633	7.11%	600	8.45%	1
2	Michigan Medicine	516	5.80%	200	2.82%	4
3	Eberspaecher	450	5.06%	222	3.13%	3
4	TG Fluid Systems	300	3.37%	300	4.23%	2
5	Meijer	261	2.93%	150	2.11%	5
6	Corrigan Oil	207	2.33%	*	- %	-
7	Target	170	1.91%	111	1.56%	8
8	Home Depot	160	1.80%	135	1.90%	6
9	Work Skills Corporation	134	1.51%	93	1.31%	9
10	March Coatings	130	1.46%	*	- %	-
	Total	2,961	33.27%	1,811	25.51%	

Estimated total city employment

8,900

7,100

* Not available

Source: Dunn & Bradstreet, Ann Arbor SPARK, Audited Financial Statements of the City of Brighton and/or City Finance Department Records

City of Brighton, Michigan

<u>Function/ program:</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government:				
City manager	1.00	1.00	1.00	1.00
Clerk/Human resources	2.50	2.50	2.50	2.50
Finance	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>
Total general government	11.13	11.13	11.13	11.13
Community development	4.00	4.00	4.00	4.00
Public safety - Police	19.60	19.60	19.00	19.00
Public services:				
Cemetery	2.00	2.00	2.00	1.00
Facilities and grounds	3.00	3.00	3.00	3.00
Streets	8.00	8.00	7.00	6.00
Utilities	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
Total public services	<u>20.00</u>	<u>20.00</u>	<u>19.00</u>	<u>17.00</u>
Total	<u>54.73</u>	<u>54.73</u>	<u>53.13</u>	<u>51.13</u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1.00	1.00	1.84	2.00	2.00	2.00
2.50	2.50	2.66	2.25	2.50	2.00
7.63	7.63	7.00	7.00	7.00	7.00
<u>11.13</u>	<u>11.13</u>	<u>11.50</u>	<u>11.25</u>	<u>11.50</u>	<u>11.00</u>
4.00	4.00	3.00	2.00	3.70	3.70
19.00	19.60	19.60	19.00	19.60	18.60
1.00	1.00	1.00	1.00	1.00	1.00
4.00	4.00	4.00	4.75	4.75	3.75
5.00	6.00	6.00	4.50	5.75	5.75
8.00	8.00	8.00	11.50	11.00	10.50
<u>18.00</u>	<u>19.00</u>	<u>19.00</u>	<u>21.75</u>	<u>22.50</u>	<u>21.00</u>
<u>52.13</u>	<u>53.73</u>	<u>53.10</u>	<u>54.00</u>	<u>57.30</u>	<u>54.30</u>

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Brighton, Michigan

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Election data:				
Registered voters	5,575	5,900	5,927	5,889
Voters (at polls or absentee)	2,899	3,725	3,975	1,279
Percent voting	52.00%	63.14%	67.07%	21.72%
Human resource data - Number of recruitments	-	1	9	12
Finance data:				
Number of A/P checks	1,552	1,588	1,601	1,418
Number of property tax parcels	4,093	4,136	4,296	4,298
Number of utility bill customers	3,584	3,592	3,646	3,481
Police:				
Physical arrests	577	495	421	354
Traffic violations	3,980	2,589	2,273	1,819
Investigations	20,312	19,468	16,929	19,330
Community development data:				
Number of building permits	208	289	332	253
Value of building permits	\$ 7,910,371	\$ 7,099,816	\$ 9,143,156	\$ 7,494,230
Number of building inspections	965	551	693	530
Public works data:				
Miles of street constructed, reconstructed, and resurfaced	-	-	-	-
Road salt used (tons)	1,600	1,375	1,030	2,364
R.O.W. tree plantings	-	-	4	2
Grave openings	57	56	64	50
Water data:				
Total billed consumption (000s)	432,962	439,746	450,317	400,702
Avg. billed consump./user (000s)	121	122	124	115
Number of water main breaks	2	6	3	7
Sewer data - Avg. daily treatment (MGD)	1.200	1.250	1.110	1.190

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Operating Indicators

Last Ten Fiscal Years

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
5,671	5,686	5,986	5,838	6,020	6,199
1,979	2,625	4,327	1,070	4,101	1,816
34.90%	46.17%	72.29%	18.33%	68.12%	29.30%
12	14	18	14	14	8
1,211	1,210	1,264	1,981	2,134	2,046
4,294	4,424	4,505	4,463	4,459	4,463
3,508	3,536	3,551	3,575	3,585	3,591
340	484	428	377	321	246
1,523	1,541	1,698	1,968	2,475	1,324
22,350	29,112	23,913	26,410	30,380	23,146
331	348	334	315	359	324
\$ 26,600,740	\$ 11,824,906	\$ 12,993,840	\$ 28,416,112	\$ 9,696,272	\$ 10,250,421
709	797	653	693	525	475
-	-	0.94	-	0.90	1.86
1,675	1,428	1,423	1,800	1,347	1,100
-	-	29	4	11	4
51	59	48	55	60	57
385,893	398,439	431,485	426,575	411,973	398,112
110	113	122	119	115	111
6	2	4	1	1	3
1.060	1.070	1.180	1.400	1.215	1.268

City of Brighton, Michigan

<u>Function/ program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police - Patrol units	8	8	8	8
Public works:				
Streets (miles):				
Major streets	11.32	11.32	11.32	11.32
Local streets	18.12	18.12	18.12	18.12
Sidewalks	80	80	80	80
Traffic signals	9	9	9	9
Water:				
Mains (miles)	52	52	52	52
Fire hydrants	484	484	638	648
Storage capacity	1,620,000	1,620,000	1,620,000	1,620,000
Sewer:				
Miles of sanitary sewers	45	45	45	45
Miles of storm sewers	27	27	27	27
Treatment capacity	2,250,000	2,250,000	2,250,000	2,250,000

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Capital Asset Information					
Last Ten Fiscal Years					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
9	8	8	8	9	8
11.32	11.32	11.32	11.32	11.32	11.32
18.12	18.37	18.37	18.66	18.66	18.66
80	80	80	80	80	80
9	9	9	9	9	9
59	60	60	65	65	65
655	673	673	673	673	678
1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
48	58	58	58	58	54
27	27	27	27	27	27
2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000